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# ***JPRS Report***

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## **Near East & South Asia**

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# Near East & South Asia

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## REGIONAL AFFAIRS

### Arabs Show Interest in Sinai as Joint Project

45040352a London AL-HAWADITH  
in Arabic 12 May 89 p 31

[Excerpts] [Passage omitted] Cairo and Riyadh recently held intensive discussions aimed at the participation of Saudi Arabia and the Gulf states in investments in construction or land reclamation in the Sinai peninsula. Because this type of investment requires continual transports, attention was focused on land routes which could link Egypt with different Arab countries via Jordan or Saudi Arabia.

Regarding Jordan, the problem has been solved for some time by the operation of passenger and vehicle ferry boats between Egypt's Nubia [Nubi'] and Jordan's 'Aqabah Port.

Regarding Saudi Arabia, the subject of building a bridge over the Red Sea straits which would connect Saudi and Egyptian territory has been raised. Such a bridge would facilitate transportation between Cairo and Jeddah as well as close bilateral cooperation, especially economic and agricultural cooperation. Thus, the Sinai would be the gateway to Saudi Arabia and the Gulf states from one direction, and to Jordan, Syria, Lebanon, and Iraq from another. [passage omitted]

Initial estimates of the Sinai's ability to absorb population in principle exceed 1 million without causing any [high] population density. [passage omitted]

Subsequent to the decision to develop the Sinai and undertake land reclamation there, the region has become filled with toiling youth who are burning with enthusiasm to work and build the "land of turquoise." Military experts themselves estimate that the Sinai requires no more than 3 years to become a strong, impenetrable fortress instead of a passageway for invaders. [passage omitted]

It should be mentioned that the Sinai projects are considered part of the changes in the Arab arena that led to thinking about a new formula for Egyptian-Arab relations. It is well known that Egypt has recovered its political and moral position in the Arab world, that its official return to the Arab group has become a matter of days, and that its role in the Arab region has regained strength and effectiveness. Moreover, the common interests of the Arab states have expanded and intertwined, so as tangibly to require concise, extensive studies which identify situations whose need for close cooperation and true solidarity, unweakened by transitory interests or narrow thinking, cannot be ignored, contrary to what used to happen in the past. [passage omitted]

When the Arab world is free—and this is attainable—from the economic crises besetting it and from the external and internal debts burdening the budgets of states having an influence on Arab society, and when the Arab nation imposes on Western society solutions that

serve Arab hopes and interests, and, one hopes, through its possession of profitable cards in the economic sphere, the Arabs will all enter a new age in which suffering, hopelessness, and all causes of lassitude and indifference are eliminated.

Is the development of the Sinai the basis for springing onto the foundations entertained by Arab hopes?

We would not be effective if we [did not] say that the activity which was begun by several Arab states—led by Saudi Arabia and the states of the Arab Solidarity Council and the Gulf Solidarity Council—and which assumed new dimensions with the establishment of the Maghreb council will bear fruit soon, and it is likely that the next Arab meetings will be the start of a great phase, God willing.

### Gulf Chemical Firms Plan Shipping Fleet

44000563 Manama GULF DAILY NEWS  
in English 21 Jun 89 p 1

[Article by Colin Young]

[Text] Gulf petrochemical firms have launched moves to set up their own shipping fleet.

The producers, including Bahrain's Gulf Petrochemical Industries Company (GPIC), are considering the plan because of high freight rates charged by foreign shipping lines.

GPIC general manager Mustafa al-Sayyid said yesterday: "The transportation of petrochemicals is at present handled by a small number of foreign shipping companies, which are charging unacceptable prices.

#### Advantage

"It is about time the local companies took some initiative to rectify the situation."

The move follows a meeting, chaired by Mr al-Sayyid, between the region's petrochemical firms and Gulf shipping companies at the GCC [Gulf Council Corporation] headquarters in Riyadh.

The shipping lines were asked to carry out a feasibility study into setting up a new joint fleet to serve the region's producers.

This could involve building specialist vessels to carry the Gulf's petrochemical products.

Mr al-Sayyid said there was a definite need for such a shipping operation, which could take advantage of "long-term, full-time business," in the region.

The Riyadh meeting was attended by delegates from GPIC, Saudi Basic Industries Corporation, UAE [United Arab Emirates]-based Fertil, Kuwait's Petrochemical Industries Company and Qatar Petrochemical Company.

A Gulf shipping executive said yesterday the idea made sense, although the initial investment to build new ships would be high.

"A specialist products carrier of between 30,000 and 50,000 tonnes would cost around \$75 million (BD28 million)," he said.

"The demand for petrochemicals is high at the moment, but it is a volatile market and if there is a slump, the ships would be left idle," he said.

### **1988 Profits of Arab Maritime Bridge Company Reported**

44000566 Amman JORDAN TIMES  
in English 10 Jun 89 p 3

[Text] Amman (J.T.)—The Arab Maritime Bridge Company (AMBC), which groups Egypt, Iraq and Jordan, made \$2,116,108 in profits from its operations in 1988 which included the transportation of passengers and goods along the 'Aqabah-Nuwaybi' land-sea route, according to an announcement here Thursday.

The company's fleet of vehicles and ferry boats transported 646,603 passengers in the past year, registering an increase of 38.7 percent over the 1987 operations, according to the announcement made during the company's general assembly meeting attended by ministers of transport in the three countries.

The announcement said also that the company last year transported 31,097 cars, 8,557 trucks and 2,284 buses on board the ferries operating between the two terminals.

The general assembly meeting endorsed a general report on these operations and a report by the company's board of directors on the financial situation in the first quarter of 1989.

The report showed more activity in transporting passengers and vehicles across the route in the first four months of this year, but released no figures.

Minister of Transport and Telecommunications Hikmat al-Khammash said that the 'Aqabah-Nuwaybi' route fulfilled the dreams of the Arab World by linking its Asian and African flanks, "thus booming the nation's economic, trade, social and political stand, and paving the way for further progress and development in the Arab Region."

Iraqi Minister of Transport and Telecommunications Muhammad Hamzah al-Zubaydi called on the governments of Egypt, Jordan and Iraq to give all possible support for the company's operations which, he said, are bound to bolster the national economies and boost trade.

Egyptian Minister of Transport Sulayman Mitwalli described cooperation between the three countries through the company as "exemplary" and "reflecting their strong ties and determination to pursue efforts towards the achievement of further progress."

The three ministers held a separate meeting before the general assembly session during which they exchanged views on the company's operations. Khammash and Zubaydi earlier had a meeting with Prime Minister Sharif Zayd Ibn-Shakir to discuss transport issues.

## **PALESTINIAN AFFAIRS**

### **School Closings Mean Early Marriages for Gaza Girls**

44000565 Amman JORDAN TIMES  
in English 10 Jun 89 p 5

[Article by Sarah Baxter; first paragraph JORDAN TIMES comment]

[Text] Sarah Baxter recently returned from the Israeli-occupied Gaza Strip. She reports on the impoverished prospects of young Palestinian girls whose education and thus emancipation are suffering.

Palestinian weddings in the Israeli-occupied Gaza Strip are traditionally joyful, noisy and lavish affairs, arranged long in advance and attended by scattered relatives from the surrounding Arab world. Today, however, as the intifadah (uprising) enters its 19th month, young teenage girls are leaving school to become wives and mothers and men are eager to acquire a "cheap" bride.

The deepening poverty, aggravated by curfews and strikes, has led the customary bride-price paid by grooms to plummet, while parents, discouraged by the Israelis' open-and-shut schools policy, are despairing of reasons to educate their daughters.

Pre-intifadah, a common bride-price was as much as £5,000. No expense was spared, even in the Strip's sorely overcrowded and impoverished refugee camps. Parents would often begin saving for their son's wedding from birth, while the groom would contribute a large proportion of his earnings.

Although love matches are permitted, most Palestinian girls are happy to follow their parents' hearts. Weddings are frequently the high point of their lives, when for once they are the centre of attention.

The bride, painted with chalky white foundation, bright red lipstick and peacock-blue eyeshadow, would twirl around on her wedding day in up to six different dresses, proudly displaying the groom's gifts of gold jewellery. At night, she would retire to a gaudy and luxurious bedroom, often fitted with shimmering mirrors, a dressing table, red lights and chandeliers.

But by now the uprising has exhausted family savings; unemployment is rife and few grooms can afford to pay more than £1,000. Receptions are quiet family affairs, the sparse bedrooms stay unfurnished and brides must content themselves with just one white wedding dress.

An educated girl used to command a higher price, not least because she was expected to raise intelligent sons,

but while men rarely marry before their twenties, brides are getting younger and the clock is going back on emancipation.

Dressed in school uniform and clutching a notebook, 15-year-old Amirah from Jabalya refugee camp looks only 12. In a few weeks, she will be married early to a 21-year-old family friend. "I can't get an education," she says simply, "so there's nothing else to do."

She is both excited and disappointed by the impending ceremony. "My sister's husband is very rich and she had four dresses and a beautiful bedroom. He gave all my sisters gold bracelets." She acknowledges that her own wedding will be nothing like it.

Intizam, from neighbouring Beach=al-Sheti, is 16 and hoped to become a journalist, but she is now marrying her cousin at the end of the school year. The Israeli military authorities have closed Gaza's only university and her parents lack the money to educate her abroad.

"The wedding will be very quiet," she says gravely. "It wouldn't be appropriate to be very happy. Maybe next door to us there is the family of a martyr."

For parents, the importance of educating girls had only just begun to take root, making it all the more vulnerable to the intifadah's pressures. In the West Bank, all schools have been shut for over a year, while in the Gaza Strip, the ceaseless imposition of curfews and targeted school closures have meant that pupils sometimes receive only five days' instruction a month.

The authorities have accused schools of breeding stone-throwing street-fighters and "endangering the security of the Israeli Defence Forces." Palestinians counter that it is a form of collective punishment, designed to blight the one precious resource their children can benefit from.

Even the most determined students are at a loss. Samir, a bright and articulate 18-year-old recounts the solemn childhood pact she made with five girlfriends. She pledged to become a doctor, "to save people, to see them smile and to help the fedayeen (fighters)." Others dreamed of the law, science, teaching, and journalism.

Only one has fulfilled her ambition: she wanted to be a mother. As for Samir, her father shakes his head: "She still dreams of being a doctor. She's very good at school, but she has little chance. She knows this."

The school closures have taken their toll on boys and girls alike. Gazans have learned to cope with tight curfews, which frequently last up to 10 days or more. The Strip falls silent, families remain stifled behind closed doors, unable to cross the street without risking getting shot. Suddenly, army loud-hailers announce that the curfew is lifted and shoppers rush into the alleyways to stock up on supplies.

The schools reopen, only to find that pupils have entirely forgotten the contents of their last lesson. And at the best

of times they remain traumatised by the beatings, arrests and shootings they have seen.

Maryam, a teacher at Jahalya girls' school, says: "Almost every girl has experienced some form of harassment or beating."

Many of her pupils have fathers or brothers in prison. "Sometimes you tell them to write something or study, but they can't concentrate."

She is not surprised when 14-year-olds vanish from her classroom. "We don't learn every day and the families feel that there's no education, so the girls marry," she says matter-of-factly.—THE GUARDIAN.

## ALGERIA

**Labor Organizers Discuss Need for Union Reform**  
*45190093 Algiers ALGERIE-ACTUALITE*  
*in French 11-17 May 89 pp 20-21*

[Transcript of a roundtable discussion organized by ALGERIE- ACTUALITE with Benzaid Ali, a leader of the "Independent Union" movement in Oran, and Benyoucef Messaoud, secretary of the "Independent Committee"]

[Text]

[Box,p 20] The labor world is passing through rough waters that defy delimitation. Once the sole captain of the labor movement, the UGTA [General Union of Algerian Workers] is today being assailed in different places by voices calling for a thorough overhaul of this form of worker institution. Inevitably we are now witnessing a sort of pitched battle between those who are in favor of maintaining the old order inside the ranks of workers albeit with a few reforms, and those who are avidly advocating a new system to represent the workers and to defend "their moral and material interests."

There is friction and it is quite strong in some areas. Those who received a mandate in past elections see a hidden hand, or more precisely, political parties, behind this tide of "activism."

The others—those who have organized themselves outside the union—believe that the time has come to represent the worker fully. As they see it, there is no place left for the opportunistic career official. The mass of workers, now in upheaval, is also a prize to be coveted for more than one ideological movement.

That, in part, explains the controversial debates that have enriched the country's public life of late. These are also soul-searching times for unionism that is looking back over its history and scanning its prospects. To keep up with events, we attempted to organize for the reader a roundtable discussion on unionism with officials from the UGTA and with others emerging in the "independent" movement (which exists not only in Oran, but elsewhere, it should be noted).

The arrangements were agreed to by all: 2 officials from the UW-UGTA and 2 from CCIP [expansion unknown]. Only the two "independent" union members, however, appeared for the discussion as scheduled at the offices of this newspaper. On inquiring into the absence of the other two, we were surprised to learn that there had been a "misunderstanding." Our UW guests had wanted a roundtable discussion with participants of their own choosing, to be held in their own offices. In any event, it was out of the question for them to meet the others.

To make the best of the situation, we suggested that they submit their views in writing using the prepared questionnaire, but that alternative was also rejected.

So ended our original plans for the debate. In its place, we offer the views of the two union members who responded to our invitation: Messaoud Benyoucef, a teacher of philosophy at the Hamou Boutlilis secondary school, a member and later an official of the FTEC [Federation of Educational and Cultural Workers] from 1962 to 1982, and one of the initiators of the "independent union" movement in Oran; and Sid Ahmed Benzaid, an employee of the Arzew ammonia plant, a union official since 1973, and national secretary representing the National Energy Union in the party's labor section, which voluntarily disbanded in March. He has just been elected secretary of the "Independent Committee" that is currently responsible for labor activity at his plant.

[ALGERIE-ACTUALITE] Can we perceive new prospects for organized labor without first taking a critical look at the UGTA?

[Benzaid Ali] First of all, it is obvious that the workers will build their union on the basis of their daily experiences and battles in the workplace.

A critical and courageous look at the union's activity in our country since independence is a necessary step in the remaking of organized labor. It is the duty of anyone fighting to build a labor organization that will serve the worker and development.

[Messaoud] New prospects exist. The general outline is becoming more and more visible and is crystallizing on the labor battleground. The official union has been undergoing critical evaluation as follows: Since September 1988 and starting again in November 1988, we have been witnessing the full-scale explosion of the workers and the working class onto the social scene and this entire movement is happening for the most part outside of—and, very often, against—the UGTA. Where is this movement headed? What will come out of it? Who can tell with all certainty?

The main point is that this movement can be described as a mass movement and it is profoundly democratic and united. That is a basis for placing reasonable hopes in its outcome and we believe that outcome should be the creation of new unions by and for the workers.

[ALGERIE-ACTUALITE] One of the grievances against the union apparatus has two main components: the notorious Article 120 and the restructuring of federations to subordinate them to the central office. How do you view all of this now?

[Benzaid Ali] The various preconditions and mechanisms for "elections" in effect since 1962 and the decision by UGTA's sixth congress in 1982 to eliminate the federations (the primary structures in the vertical framework), leaving the workers' socio-professional problems in the hands of the ministries, amounted to a veritable aggression against the workers' organization. The results were the exclusion of many upstanding and representative union members from office and excessive authoritarianism inside the union that increasingly distracted it from its main mission of defending the interests of the workers. In a word, the union lost its meaning.

[Messaoud] Article 120 was merely the legal consecration of a practice that had been in existence for a long time, or at least since the third UGTA congress, a practice that imposed political membership in the FLN [National Liberation Front] as a precondition for holding office in the union. To my knowledge, there is no precedent in the history of labor practices in civilized nations for a political aberration of this kind, except perhaps a distant kinship with the "vertical unions" in Spain under Franco. The practice of imposing a "precondition" which is, in essence, one manifestation of the FLN's desire for total control politically and ideologically, profoundly distorted the unions and divided the workers.

As for the federations, it was not enough to have them constantly—since the beginning—under close oversight and to weaken them, primarily by subordinating them to horizontal structures. They had to be eliminated altogether and that is what the sixth congress did.

The congress, with its atmosphere of witch-hunts and sectarian reprisals, took anti-worker and anti-union thinking to its logical conclusion: the elimination of any activism. At that point, what is left of a union?

[ALGERIE-ACTUALITE] Since October, Oran and the surrounding region have experienced a wave of strikes that have been variously viewed from labor circles to certain factions of public opinion. What is your view? Going one step farther, what do you think of strikes as a tool of labor activism?

[Benzaid Ali] First it must be made clear that the workers have always fought for better working conditions with different means and auspices up to and including the work stoppage. This is triggered by the contracting social needs of the masses and continuing erosion of the workers' purchasing power. At the heart of the demands lie the problems of health, housing, transportation, safety and living conditions in the place of work, the management of production lines and the democratic selection of representatives of the group.



Strikes are the ultimate weapon, which the workers should use when all other means of dialogue with management have been exhausted.

Use of this weapon must be flawlessly organized, if the risks of losing control to the detriment of the workers' cause are to be avoided.

[Messaoud] Strikes are the absolute weapon of labor activism. Without it, it is often impossible to win satisfaction of a labor demand. That is why it must be used wisely and workers use it, incidentally, only when absolutely forced to.

The wave of strikes the country is experiencing now, in our view, reflects the intolerable level to which the living and working conditions of the working class have deteriorated. Frozen wages, rampant inflation, the incredibly expensive cost of living, and serious setbacks in social policy are battering the workers and the working class as a whole. When you add to that the arrogance and the authoritarianism of mediocre, petty "bosses," you have all the ingredients of an explosive mixture.

Our hearts and minds are with the working class, with the workers in their battles, and that is why we do not hesitate to criticize publicly any unjustified or mistaken action. We are not demagogues, nor are we political profiteers.

[ALGERIE-ACTUALITE] In parallel to the wave of strikes, the labor movement has witnessed the emergence of a coordinating body independent of the UGTA. Why is the UGTA losing support?

[Benzaid Ali] The credibility gap separating the union framework from the workers, the inaction of its framework, the inexistence of a forum for expression and organization to address the problems of the rank and file, and the restrictive interpretation of democracy that persists among UGTA personnel, have triggered a broad movement fighting for new labor practices and to build a new kind of union, both independent and united.

[Messaoud] Since it was established in 1956, the UGTA has evolved a practice having little to do with labor action in the true sense of the term. It is no secret that the UGTA was conceived of as the FLN's vehicle, an instrument for mobilizing and marshaling the workers in the fight against colonialism. The problem is that it was done without recognizing the specificity of the union, the need for confrontational labor action. In short, rather than linking the struggle for food with the struggle for the country, as should have been done, the UGTA and its programs were built on narrow-minded nationalist rhetoric bordering on ethnic chauvinism and tinged with Islamism. It was a crippling flaw, the recurrent effects of which are still visible today. Between enlisting workers in the cause and repression, the distance is very short. Look at what happened whenever a group of workers decided to issue demands, to strike or simply to call for a general meeting. Who was at its sides and who opposed it? The workers were and still are forced to fight even the

UGTA framework which, in the overwhelming majority of cases, aligns itself against the worker by unfortunate but almost systematic recourse to security forces. In Oran, this practice was pushed to a degree rarely seen elsewhere. Someone in Oran did not hesitate to use bullies against the union members and we have seen enough of that. The workers rightly want bring its reign to an end.

[ALGERIE-ACTUALITE] What is your view on the possibility of a plurality of unions? With the advent of political pluralism, what kind of relationship can be expected between political parties and the union(s)?

[Benzaid Ali] It must be emphasized that all those who are genuinely fighting to defend the interests of the workers must consider it their common duty to work toward the establishment of a labor organization that will represent the workers of our country as a whole and at the same time, allow them to organize within the global structure according to the specific nature of the sectors they work in. A labor confederation of this type will function according to pre-defined principles: It will be independent from all political parties or associations, independent financially, and confrontational, united, democratic and patriotic in its methods. Party-union relations should, above all, be based on mutual respect. Union members who are also political activists will be required to comply with the plan of action approved by the rank and file, which will prevent attempts to advance ideological concepts. Only in this way can a union enjoy true autonomy from all political parties.

[Messaoud] We are, on principle, in favor of a united working class and unified worker organizations, but we are for democracy first. Democracy is the first requirement because it is both the means by which unity is possible and its end, its ultimate goal. Without democracy, there can be no unity. (It should also be said that unity is not a gift of nature; it must be won, step-by-step, day-by-day.) Once that is understood, the pressures to divide, as manipulated by supporters of the union apparatus, are exposed for what they are—scare tactics and, under scrutiny, pure rubbish. The existence of only one labor organization will never mean that the workers are united. A plurality of unions does not frighten us. It is one among several possible options for which we must prepare.

As for political pluralism, a multiparty system poses in new and urgent terms the problem of the political and organizational independence of unions. The theoretical and practical basis for a just solution to this problem must be founded on the same dynamic of democracy and unity. We believe that unions are solely the domain and instrument of the workers, that a union, as a grouping of social and economic interests common to all workers, is not and could never be a political grouping. For that reason, the union must achieve not only financial and organizational independence but political independence as well: It must analyze and evaluate every situation or action in light of immediate and long-term interests and

with total independence. Political parties and forces are free to try to get their message across through their members in the unions, acting not as the representatives of a party but as union members having their own views and enjoying the same legal right to express and defend them. Those are the rules of the game.

[ALGERIE-ACTUALITE] There is talk of "reforming" the UGTA. What does that mean to you?

[Benzaid Ali] In order to reform the UGTA, it must first be remodeled democratically from the rank and file to the top, with elections open to all candidates and secret ballots, which should be used under the guidance of election preparation committees independent of any oversight and exclusively made up of workers.

This would require the current UGTA framework to voluntarily disband and office holders to return to the rank and file to await the verdict from the polls.

The foundations of a powerful organization will be established if the union is built from the rank and file up. It will be present at the company or sector level through its federations, at the basic level of interaction between employer and employee. Complementary interprofessional coordinating bodies will be set up at the horizontal level to develop an exchange of experiences between groups of workers in a region or wilaya.

[Messaoud] To reform is to make something new again, but the old cannot be made new. We believe that it is wiser—or at least less ambiguous—to speak in terms of building new unions because in reality, the labor union as a democratic practice, as a social institution, and as an expression of what is commonly called "civil society," has yet to be created. And the UGTA is an apparatus of the state that has been profoundly perverted by acting as an overseer of workers, inherently incapable of becoming an instrument of labor demands. We must not delude ourselves: The sole concern of those who support the apparatus is to maintain the apparatus.

[ALGERIE-ACTUALITE] In the event that the principle of granting job dispensations to elected officials is revised, what would be the reaction of the apparatus?

[Messaoud] External financing and dispensation are the lifeblood of the reigning union bureaucracy. To rid the union of bureaucratism, as a minimum the state or the FLN would have to stop financing the apparatus and the principle and mechanisms of dispensation would have to be entirely revised. The rule should be to make dispensation a function of the number of union members and to limit how much full-time officials are paid to the salary of a skilled worker.

These measures, when combined with a direct form of democracy in the union (enabling union members as a group to challenge a union official at any time and revoke his mandate if necessary; to be distinguished

from democratic centralism which is a political system and not for unions), will undoubtedly eliminate the rush to hold office.

## BAHRAIN

### Premier's Aim Is Jobs and Homes for All

44000564a Manama GULF DAILY NEWS  
in English 15 Jun 89 pp 1, 2

[Excerpts] The Prime Minister looks forward to when all Bahrainis enjoy the security of owning their own home and having a job.

His Excellency Shaykh Khalifah Ibn-Salman Al Khalifah told of this aim in a wide ranging interview with Ahmad Kamal, editor-in-chief of AKHBAR AL-KHALIJ and Responsible Editor of the GULF DAILY NEWS.

The Premier said there are no limits to the development which can take place in Bahrain making full use of its greatest wealth—its people.

"We are not a wealthy country, and we are a small island with limited resources, but the people of Bahrain have given us respect and friendship with other countries," he said.

The Prime Minister said that there is no difference in the people of Bahrain "except in the volume of his work and devotion to his country."

Many mistakes had been ignored so that the bond of friendship among the people could be further boosted.

"My hope is to see everyone working hard in his position devoting all his efforts towards his country and his job," he said.

Referring to his own role, the Prime Minister said: "It is my fate and my duty to keep an eye on things to ensure that everything is going perfectly."

Shaykh Khalifah said there are many plans and projects for the future development of the island.

One of the projects is tourism, with ease of access through visas essential to further encourage the industry.

In the commercial sector the Prime Minister said the Government is keen to support the Chamber of Commerce to play its active role.

"The Government will give it full authority and support so as to benefit the country and the commercial sector," he said.

### Plans To Build Dry Dock Considered

44000564d Manama GULF DAILY NEWS  
in English 21 Jun 89 p 11

[Text] Manama—Plans for a new \$40 million (15 million Bahraini dinars) dry dock at 'Asri are expected to move forward in the next few weeks.

A feasibility study on the project will be considered by the board next month. Consultants will then be invited to submit designs.

'Asri announced last month it had decided to build a new dock instead of buying a second-hand floating facility.

General Manager Antonio Machado Lopes said the proposed dock would be able to handle ships of up to 150,000 deadweight tonnes.

**Island's Power Capacity Increased**  
44000564b Manama GULF DAILY NEWS  
in English 15 Jun 89 p 5

[Excerpts] Bahrain's power distribution system enters a new era today when the first of a chain of nine new sub-stations will be officially opened.

Japanese firm, C Itoh, was awarded a BD12.5 million contract to build the sub-stations two years ago as part of a government plan to increase the island's power capacity.

The first of them has been completed in Hurah and will be opened at 9.30 am today by the Minister of Works, Power and Water, Majid al-Jishi.

Director of Electricity, 'Abdallah Jum'a, said other sub-stations were nearing completion in Jufayr, Na'im, Khamis, Saar village, Jasrah Ra's Ruman in Manama and Hamad Town.

"The idea is to reinforce the network by decreasing the 66KV transmission voltage to 11 KV distribution voltage and later to 400 volts consumer voltage," he added.

"The new sub-stations will provide additional transmission capacity in the area to meet the increased demand," Mr Jum'a said. [passage omitted]

Mr Jum'a said more sub-stations would be constructed in Muharraq and other areas over the next five years.

**Drop in Island's Fishing Catches Reported**  
44000564c Manama GULF DAILY NEWS  
in English 19 Jun 89 p 1

[Text] Oil pollution and land reclamation have been cited as factors in a 14 percent drop in Bahrain's fishing catches last year.

The total fish landings on the island fell from 7,841 metric tonnes in 1987 to 6,736 in 1988, according to official figures.

Among the main reasons for the decline were oil pollution, reclamation work and seasonal lows, the annual report of the Commerce Ministry's fisheries directorate said.

Total sales were also down to 6.3 million Bahraini dinars last year, compared with 6.7 million Bahraini dinars in 1987, said the report.

The slump in catches started two years ago, when landings fell by 2.7 percent, said the directorate.

Meanwhile, shrimps have started arriving in the local market, with the end of the annual shrimp fishing ban last Thursday.

**EGYPT**

**NDP Secretary Interviewed on Factionalism, Foreign Affairs**  
45040332b Cairo UKTUBAR in Arabic  
23 Apr 89 pp 17-19

[Interview with Yusuf Wali by Mahmud Fawzi in al-Duqqi; date not given]

[Excerpts] Dr Yusuf Wali was not surprised by repeated statements that there are divisions within the National Democratic Party [NDP], even though recent days have proven them to be illusions... "We in the NDP have differences of opinion. We are a democratic party in a democratic country."

Despite the strong warnings of his doctors not to exert himself after being injured in a fall on the steps of the Cairo Stadium while attending a ceremony for agronomist youth, files, papers and decisions are piled high on the white nightstand adjacent to his bed, taking the place of medicines and drugs in his room at the al-Zara'iyyin Hospital in al-Duqqi. [passage omitted]

**Divisions in the NDP Are a Luxury Unknown to Us**

[UKTUBAR] What is the status of the wages problem, which has abated in the confrontation with the ghoul of price increases, in the NDP's program?

[Yusuf Wali] The prices and wages problem is a primary topic which has been earmarked for analysis, study and the recommendation of solutions by the party committees in the framework of a basic truth, namely that an increase in national production constitutes a radical solution and perhaps the only solution for solving this problem permanently. This is not ipso facto incompatible with what the government of the party adopts in the way of decisions to raise salaries and grant additional increases, a matter which clearly demonstrates the difference between levels of salaries in past years. The axle of justice is at the core of the party program, and it is the governing element in our method for economic reform.

[UKTUBAR] What truth is there in reports of divisions and dissident wings inside the NDP?

[Yusuf Wali] Talk of divisions and disagreements is a luxury unknown to the NDP. The NDP, including all of its formations, leaders and members, lives in the heart of the problems of Egyptian society. [passage omitted]

[UKTUBAR] Are some calling for the formation of a national front and a coalition government instead of one party alone being responsible for governing?

[Yusuf Wali] The party possessing a parliamentary majority is responsible for governing according to constitutional rules. Effective participation in issues related to national tasks is guaranteed to all parties. I do not believe that such participation depends on participation in governing. Also, our national commitment rises above any party commitments, and this is affirmed clearly in numerous positions.

#### **We Hope Unity Will Return to the Labor Party**

[UKTUBAR] Is it said that the NDP is happy about the recent schism inside the Labor Party?

[Yusuf Wali] An objective view of the nature of the Egyptian people first of all, given that it is the most homogeneous people on earth, and of the nature of our democratic life, rejects these statements. We hope that unity will return to the ranks of the Labor Party, for this is a positive element in our democratic, political life.

[UKTUBAR] What has the NDP done for youth who are currently exposed to all of the extremist, political and religious forces and groups, drugs and heroin? How can we protect the youth without political extremism or social deviation, especially since the party currently lacks party activities for youth and new youthful cadres?

[Yusuf Wali] When the NDP brought up problems pertaining to housing, education, economic remedies, unemployment and prices in its dialogue with our brothers in the opposition, young people were its main concern and motivating factor. The problems of young people are the most serious facing us. This is confirmed by the decision adopted by President Husni Mubarak to hold the next NDP convention under the heading, "Unemployment As the Most Serious Problem of the Youth." This topic has been studied by numerous party committees, which have made numerous recommendations, some of which are currently being implemented, such as projects to reclaim and transfer land to the ownership of young people, and the light industries enterprises for youth. These projects will be followed by others at production and services facilities, which return a benefit to society and to Egyptian youth.

A fair examination of the chart of party formations and the parliamentary organization of the NDP confirms an increase in the presence of youth and their role in our party and political life. This increase supports the issues and demands of young people.

[UKTUBAR] President Husni Mubarak agreed to the call to convene the 5th general NDP convention on 20-22 July to discuss the topic or problem of unemployment, its dimensions and ways to remedy it, given that it is the primary problem facing society's most important sector, the youth. In your view, how can the unemployment problem be solved decisively, and to what extent can the party help to solve it? Also, do you expect a solution to the unemployment problem currently afflicting young people, and to what extent has the NDP

succeeded in treating the problem of development and the future, which was discussed at the 4th NDP convention?

[Yusuf Wali] The president's directives to hold the next party convention to discuss unemployment among youth reflect great concern with this serious problem at the highest level. [passage omitted]

The problem of unemployment was present in force when the party committees discussed issues related to family planning, education, the development of education, economic reform, manpower development, the regional dimension of development and other issues. The unemployment problem is inseparable from these topics, whether on the level of determining its dimensions and roots, or recommending solutions and ways to confront and treat it, which will provide for constructive and purposeful discussions during the sessions of the convention. [passage omitted]

The methodicalness of work in the plan's projects certainly reflects the clarity of vision of the party and its government and the organic relationship between them, which is supported by continuously open channels of communication between the sectors of the executive apparatus and party formations. This point is one of the most important elements in the success of party activity and the high percentage of implementation of the recommendations of the party committees at the executive level.

The solidification of production projects for youth is the pivot of a quick solution for confronting unemployment existing at present among several sectors of graduates, so that the problem does not become oppressive. Then comes comprehensive confrontation of its roots and causes to guarantee its non-repetition in the future. This includes educational, housing, economic and legislative aspects.

This, God willing, will be the pivot of efforts made by the committees of the 5th convention.

[UKTUBAR] What is the NDP's position on the passing crises with Sudan, given that you personally played a role in previous political meetings in Khartoum and given that we know that the Sudanese Ummah Party had a liaison office in Cairo for the sake of maintaining a presence and popular communication?

Why has the NDP's role weakened in its Arab relations? Do you not believe that its role should be more active in its relations with fraternal Arabs?

[Yusuf Wali] Egyptian-Sudanese relations at the party level are a basic aspect of our party activity, which his Excellency President Husni Mubarak desires to pursue in the framework of his continual concern for this aspect of our activity, regarding which I have assumed responsibility for several specific tasks. Our activity in this regard has not, and will not cease God willing. During my stay in this hospital, I met brother Muhammad

al-Hasan 'Abdallah Yas, a member of the political office of the Unionist Party, and Dr Ahmad al-Sayyid Hamd, a member of the political office, and Dr 'Abd-al-Hamid Salih, a representative of the Ummah Party.

I also received telephone calls from the leaders of the Ummah Party and the Unionist Party and others, who inquired about my health, which had a great effect on my spirits.

Our next convention in July will be a good opportunity to meet the leaders of the Arab parties whom we wish to invite to attend our conventions. I agree with you on the importance of solidifying and constantly developing our party activity with our brother Arabs. This is one of our ambitions.

[UKTUBAR] Usually a period of sickness and convalescence is an opportunity for reflection in which one sees the picture more clearly and profoundly. On which matters have you reflected at length during this period?

[Yusuf Wali] There has been no change regarding the subjects which preoccupy me during my stay in this hospital. In the forefront of these topics are problems pertaining to agricultural production, land reclamation projects for graduates, and the daily activity of the party, especially in coping with the problems of the masses and responding to their desires. [passage omitted]

[UKTUBAR] Dr Yusuf Wali, you are the most famous unmarried official. Perhaps your marriage to political work is a cause for your not marrying. However, as you sit in this white bed at present, do you regret not having a wife to dote upon you and children to surround you?

[Yusuf Wali] There is no relation between my not being married and my preoccupation with politics. Marriage, like many other matters is subject not to one's planning, but to the will of God, may he be exalted. I am satisfied completely with what God has given me; his presence at my side lends comfort and calm to my soul. By his exalted grace, I also belong to a large family, and most of us live in one house. My brothers and sisters and their children have been by my side during my stay in the hospital. They are as my children. The relation of several of them to me surpasses their relations with their fathers. [passage omitted]

**AL-SHA'B Lists NDP Points of Difference,  
Agreement With Wafd Party**  
*45040406a Cairo AL-SHA'B in Arabic 27 Jun 89 p 2*

[Editorial: "Our Disagreement With al-Wafd"]

[Text] There is no doubt that there is broad disagreement in principle between us and the al-Wafd Party.

Unlike us, al-Wafd does not accept the idea of seeking solutions for Egypt's and the Arabs' problems from an Islamic perspective. In this, al-Wafd is closer to the position of the NDP [National Democratic Party] and its government.

The leaderships in charge of al-Wafd also declare that they are in full agreement with the NDP's foreign policy, while we declare our opposition to the government's failure to balance its international relations and to mobilize local and regional capabilities against the Arab and Islamic nation's enemies. Accordingly, we declare that the government has failed to rectify the balance of forces between us and the Zionists in a manner that helps alleviate the restrictions imposed on us at Camp David.

All this is tied to our position and the al-Wafd position on the government's economic policies. From our Islamic and radical position [that seeks] to achieve national honor, we oppose the government's economic policies that essentially lead to entrenching subservience to the western countries generally and to the United States in particular. On the other hand, I believe that al-Wafd does not disagree greatly with the general lines of the existing economic policies. The latest example in this regard might be embodied in al-Wafd parliamentary group's vote for the 1989-90 economic plan declared by the government.

But we do attest that al-Wafd does disagree clearly and profoundly with the government party on the system of government. We agree with al-Wafd on this point and we have cooperated with each other against the state of emergency and the special laws to reaffirm party plurality through free elections. We attest that in many of its positions, al-Wafd has supported democracy strongly. We also attest that al-Wafd stood firmly on the side of law and legitimacy when the Labor Party was recently subjected to an impudent government assault aimed at dividing and sabotaging this party.

So al-Wafd agrees with us in demanding rectification of the political system. But if this is al-Wafd's crucial point of disagreement with the government, then to us this point falls within other no less important points.

In light of the abovementioned facts, we do not understand what Mustafa Shardi has said in his articles on the Labor Party and on the Islamic Alliance. Disagreement on tactics and methods of action, not to mention disagreement in principles and program, is always likely between the opposition parties, as we have already noted. Accordingly, al-Wafd decided to boycott the Consultative Council elections, and the Grouping Party agreed with it on this. On the other hand, the Labor Party and the Muslim Brotherhood decided that meeting with the masses in the general election arena is beneficial, regardless of success or failure in winning council seats. This disagreement on the ideal method [of action] does not justify Shardi's conclusion that the government will not interfere bluntly in the elections because al-Wafd has not participated in them. This conclusion may create suspicions that there is "secret" coordination between the government and the Islamic Alliance similar to the coordination with al-Sabahi, for example. If this is not what is intended, then Shardi's conclusion that the government will loosen its grip on the alliance becomes illogical. The entire world attests that the government

focuses its persecution and its pressure more on the Islamic tendency (with all its factions) than on any other tendency. What was done to us in the Labor Party after the party's fifth congress is not far from the memory.

I believe that what has actually happened in the Consultative Council elections is totally incompatible with Shardi's expectations. Forgery exceeded anything we had experienced in previous elections. Yet, Shardi has surprised us with another discovery. He assumed that the Labor Party had been made the offer of having some of its members appointed in the Consultative Council and that the party was inclined to accept the offer. Consequently, he proceeded to preach and advise us to reject and reminded us of the sin of accepting appointment to the People's Assembly in 1984.

What words are these?

The outcome of the 1984 elections was not (insofar as all the opposition parties are concerned) fair. Government intervention was open. Moreover, a party was required to win 8 percent the total vote or else completely lose its right to be present in the People's Assembly.

This unfair and amazing requirement denied the Labor Party 17 seats in the People's Assembly. Al-Wafd would have been likely denied participation in the assembly if it had not been for its alliance with the brotherhood. But the various political forces decided at the time not to boycott the election or the People's Assembly due to numerous considerations, including perhaps the degree of forgery which did not reach at the time the peak of forgery that has surprised everybody during the recent Consultative Party elections. Under those circumstances, it was not extraordinary for the Labor Party to accept the appointment of a number of its members to an assembly that was not rejected.

Everybody understood at the time that the government's appointment proposal was tantamount to acknowledging that the 8-percent rule needed to be reconsidered. The proposal also meant a partial compensation for the injustice done the Labor Party. We say that it was a partial compensation because we were represented by 4 deputies in the 1984 assembly whereas we were entitled to be represented by 17 members.

Whatever the opinion on what Shardi has said or on what we have said about our acceptance of the appointment in 1984, the entire story has nothing to do with the circumstances involving the Consultative Council and what has happened in this council's 1989 election. I believe that Shardi owes us an apology for what he has said about us.

But what makes us truly pause is that Shardi has presented his viewpoint as if it were proof of al-Wafd's firmness in the face of the authorities in contrast with the Labor Party's indifference and weakness. We do not wish, may God forgive you, to talk about the party leaderships and their history of struggle for God and the people. Without dwelling on details, I affirm that what

you [Shardi] have implied is untrue. All people know who Ibrahim Shukri, Hilmi Murad, and their companions are.

**Columnist Addresses Shamir as 'New Hitler'**  
*45040332a Cairo AL-MUSAWWAR*  
*in Arabic 21, 28 Apr 89*

[Article by Sabri Abu-al-Majd]

[21 Apr p 26]

[Text] Perhaps you, Mr Prime Minister of Israel, do not know how I fought with, even tormented, my soul to compel myself to write this open letter to you. Only God knows the extent of the anger, hatred, and disdain which I bear in my heart for you. Although you have headed the Israeli cabinet more than once, as far as I am concerned, you are still the most prominent leader of the Stern Gang, which killed and slaughtered hundreds of Palestinians and burned and destroyed hundreds of thousands of Arab houses. As far as I am concerned as an Egyptian Arab citizen, you are primarily responsible for those terrible massacres and repugnant acts of barbarism, because of which tens of innocent Palestinian are being martyred daily as victims of your arrogance and barbarism, you new Hitler.

Because the topic of my letter to you is very important, I convinced myself to write this letter, which I hope will reach you amid the mounds of human skulls on which you sit, and across the oceans of blood which you are shedding.

My letter to you is not as profound as De Gaulle's letter to Ben-Gurion. Nor is it scientific, historic, or religious as is the letter to your master, Begin, from Jacob Talmon, the prominent Jewish historian. Rather, it is as simple as the Egyptian people and as strong as the faith filling the hearts of the brave Palestinians. I see nothing objectionable in indicating, very briefly, the warning, admonition, and precious advice for Israel contained in those two letters. As De Gaulle states, Israel is walking on thorns because of its aggressive policy; its future is problematic because of the expansionist policy on which it depends and the crimes which it is perpetrating continually against the right of the Arabs, the owners of the land.

An historian's diagnosis must be like that of a physician, without emotions or personal considerations entering into it. Jacob Talmon's diagnosis of the tragedy of Israel is that the principles followed by official Israeli politicians are rejected by international society, and that reliance on tanks, missiles, aircraft, and soldiers to attempt to apply some dubious concepts said to be contained in holy books or theological commentaries incites mockery. There is a certain consensus among many rabbis that there is no truly holy place in Israel except for the Wailing Wall, and that any talk of Israeli historical rights to the land of Palestine is baseless.

At the start of my letter to you, I must also indicate what Begin advocated before you, and what you currently advocate, namely that autonomy applies only to people, not land. You and Begin before you have adopted the concept of personal autonomy from several Austrian Marxists who wanted to apply that concept to several ethnic groups living outside their country. I would like to say to you that, in the first place, the claims which you make about the dangers which would result from an Israeli withdrawal from occupied Arab lands are false and a gross demagogic error. The security of a "respected" state can never be based on several kilometers of desolate hills. Furthermore, a state which perceives a latent danger to it in the establishment of another state does not possess the natural formative elements of a state. Rather, it is like a short-lived parasitic plant.

People laugh at you, your mentality, and your thinking when you say that recognition of the PLO would put an end to the state of Israel, since that would mean that the state of Israel is itself brittle and frail, and could be terminated because of recognition of a legitimate organization recognized by most of the states of the world. I speak the truth when I say to you with the utmost candor that you, in your dumb policy and unjustified inflexibility, are moving toward a fifth Arab-Israeli war, or—at the very least according to extreme optimists on both sides—the outbreak of a civil war between Arabs and Jews and between Jews and Jews.

I do not understand, Mr Prime Minister, chief of the old or new Stern Gang, why you are causing yourself and your people to lose this historical opportunity which will never be repeated. Also, your nonrecognition of the PLO based on the claim that it is a terrorist organization is amusing, as you are the original terrorist. Terrorists, Mr Shamir, are those who use American aid and American weapons to kill defenseless, innocent children, the elderly and women.

Believe me, the entire world is laughing at you, your method of political dealings, and your arrogance and disdain for international society. You are as Herr Hitler was in his day. No one in the world agrees with your opinion or the opinion of those who agree with your opinion in Israeli society, who are the bane of this society and the germ of its destruction and downfall. If you go back a short or a long way, you would know—if you do not already know based on my letter "The End of Israel," which I published in 1960—that the end of Israel will originate from within Israel. It will be effected by the Israelis themselves, who will destroy their houses with their own hands, commit suicide, and compel others to commit suicide.

You are unaware of the danger of not taking advantage of the opportunity offered to you to exchange the land which you usurped for peace.

You do not realize the results of the lame, stupid policy which Israeli is currently practicing. It was the wish of

the Israelis before and after 1948 to live in peace with the Arabs, and for the Arabs to move from the column of warring enemies to the column of peaceful neighbors. You have a favorable opportunity which will not present itself again. In the past, we said the "alleged" state of Israel, and we advocated the destruction and annihilation of the state of Israel. Then our view changed because of external factors bearing no relation to you, and we came to consent to your existence next to us. We accepted anxiety, defeat and loathing. We accepted you as a neighbor. Suddenly, today, you do not accept what we are offering you. Therefore, we will not extend our hands to you for long. We will withdraw them when it becomes apparent that you are not reciprocating our desire for the attainment of peace, peace in exchange for land. After we withdraw that hand, we will return to the pre-1979 situation, to a state of no war and no peace. When history comes to record the tragedy of any new war, it will place the responsibility on you. Believe me, it is only a matter of time. Yesterday I was reviewing many statements made by you and other Israeli leaders concerning the need to hold onto Sinai, then the need to hold onto Sharm al-Shaykh, then the need to hold onto Taba. Suddenly, you retreated and evacuated Sinai, Sharm al-Shaykh, and Taba. I am absolutely certain that you will withdraw from the West Bank and the Gaza, with tact or crudeness, and subsequently from the occupied Arab lands. It is better for you to withdraw with tact than crudeness. Time is on the side of the Palestinians and the children of the stones. You will find yourself compelled to retire as did your master, Begin, when you find that all circumstances are lining up against you and your new Hitlerite expansionist orientation.

[28 Apr p 28]

[Text] Some people thought that after you became the leader of a political party and the head of a UN member-state you would change from being a gang leader to being the leader of a political party and a state. I was one of few who bet—although I find betting undesirable—that you would not change, for white can become black, but black will never become white.

Time has proven that I was right when I affirmed that you would not change and that your method, policy, and goals when you were the head of the Stern Gang would never change. Therefore, the crimes which you are currently perpetrating in the occupied Arab lands are no less savage or bloody than those which you committed in Palestine before 15 May 1948, if not more, inasmuch as the number of innocent, small, pure children currently being felled by your men's rifle bullets and cannons in the occupied Arab lands is many times greater than the number of those whom your men killed when you headed the Stern Gang. If some head of state were to kill this number of innocent, pure children, he would not be able to remain in power for 1 day, even 1 hour. But you are Shamir and the state is Israel! A small Egyptian child, who had seen on Egyptian Arab television innocent Palestinian children brought to maturity by your rifles bullets and cannons, asked me how the Israeli prime



minister could sleep at night after his soldiers had committed such crimes. I told him, as I tried to flee the conversation, that Shamir cannot sleep until he is certain that a considerable number of children, women, and the elderly have fallen. The small child said: I thought that this Shamir would give gifts to small children who love their country; suddenly he is giving them bombs and rounds of bullets for presents. After all that, Mr Shamir, you talk about the anger, hatred, and malice which fills our souls and hearts toward you and every sinful Israeli aggressor. Mr Shamir, you came from a distant country to live in Palestine. Suddenly, you are not satisfied with remaining there. Rather, you evict its inhabitants so that only you remain. Your case is unprecedented in all of human history. For example, when the Tatars attacked a country, they were satisfied with occupying it without exiling its original landowners, whereas your situation is singular and without precedent. Despite your crimes, the Palestinians have accepted co-existence with you grudgingly under pressure from world public opinion and in response to overpowering foreign circumstances. Suddenly, you foreigners are usurpers of the land, and you deny the great mass the land. You are in the forefront of the rejectionists, Mr Shamir. Believe me, you are still living with the mentality of the past. You think as you thought in the 1930's and 1940's. You might have thought that you had the greatest reach and the only strike force in the region capable of extending to any Arab locale.

You believed, and the world with you, that your Army is unbeatable, and certain circumstances helped you to swallow this illusion. Then there was the glorious, everlasting October War led by the people and Army of Egypt. Suddenly, the invincible power is dispersed and destroyed on the ruins of the Bar-Lev line and in the sands of the Sinai. Suddenly the long arm capable of striking fear and dread into the psyches of the Arabs is severed at the shoulder. If you do not believe me, ask your men who were taken prisoner. Furthermore, ask any member of the Israeli Armed Forces who participated in that war, which caused a horrible shock within Israel and the Israeli citizen himself, who was nourished by victories and suddenly found himself confronting the most disgraceful disaster and defeat. You disappeared for a time, but the October War was unable to rouse you from your deep slumber. You said that Sharm al-Shaykh could not be anything but Israeli, and that "Yamit" and other settlements which you established in the Sinai could only remain Israeli, because the Torah prophesied, as some of you said, that the destruction of Israeli settlements at the hands of the children of Israel was an evil omen for your state and, moreover, the beginning of its end. You declared that you would never leave the hills of Rafah because they are held sacred in the books revered by you. However, because of the shock of the everlasting, glorious October War, you renounced all of that, and you left every inch of Sinai. You, Mr Shamir, were an outstanding opponent of the agreement we reached, not because of your farsightedness, but because you continue to live with the mentality of Yitzhaq

Shamir, the head of the Stern Gang, which risks everything. We were genuine in our orientation toward peace. I remember that one of your writers—ask them if you do not believe me—visited me at my office at Dar al-Hilal publishing house in December 1977. He was the first and last Israeli whom I received in my life. He said to me: There is a phenomenon which I cannot analyze; I went to your writers and intellectuals in search of a convincing analysis of this phenomenon, namely: Why have you given us such a warm reception? I said to him: We do not receive you as Zionists, otherwise we would slaughter you all to avenge our fathers, brothers, and sons. Rather, we have received you as cousins, as the Jews of our Jewish quarter, in the hopes of our living in peace and harmony as we did in the past before Zionism distanced us from each other. After close to a month, as far as I can recall, Yuri Avineri encountered me in Ismailia. He said: The reception has become tepid and the emotions have become cold. I said: They will ultimately end. We thought that you were truly desirous of peace and of our living with you in security. We believed that you would not haggle over the return of the Sinai, the West Bank including Arab Jerusalem, Gaza, and the Golan because of your satisfaction with the attainment of peace. However, it seems to us that you are still Zionist merchants. If the everlasting, glorious October War is what forced you to withdraw from Sinai, I am absolutely certain that the Palestinians' uprising in their land will quickly force you to withdraw from Gaza and the West Bank—at the head of which is Arab Jerusalem—if not from more than the West Bank and Gaza. To be continued.

#### Feature Lists Blacklisted Journalists

45000170 Cairo AL-SHA'B in Arabic 11 Jul 89 p 4

[Text] The "Akhbar Mamnu'ah" feature has discovered that half of the Journalists' Union Council is on the state security police blacklist. This means that their surveillance and maltreatment at the airport is requested.[as published] These are their names:

1. Aminah Shafiq, union secretary and member of the National Progressive Unionist Grouping Party;
2. Jalal 'Arif, deputy to the head of the union and Nasirist journalist;
3. Muhammad 'Abd-al-Qaddus, rapporteur of the freedoms committee [as published] and Muslim Brotherhood journalist who specializes in upsetting the interior minister;
4. Salah 'Isa, chairman of the communications and media committee and leftist journalist who also specializes in upsetting the interior minister;
5. Majdi Mahinna, rapporteur of the cultural committee and AL-WAFD journalist;
6. Jamal Hamdi, independent but brave journalist who has therefore been placed under surveillance, for the Interior Ministry does not like brave people, especially if they are sharp tongued with the interior minister.



Of course, being on the state security blacklist puts them on the people's whitelist.

**Columnist Criticizes IMF Request for Higher Gasoline Prices**

45040406b Cairo AL-SHA'B in Arabic 4 Jul 89 pp 1-2

[Article by 'Adil Husayn: "Announce Confidential Agreements With IMF"]

[Excerpts] [Passage omitted] We demand that the government respect the People's Assembly and the political parties (led by the NDP [National Democratic Party] itself) as much as it respects the IMF and the U.S. AID [Agency for International Development]. We want to know as they know and we want to discuss as they discuss. In all cases, we demand to be acquainted with what is said and determined in the IMF's and its international allies' talks on the budget, on the economy, and even on all state affairs. Without such familiarization, the discussions on the budget and on other matters are meaningless mockery. [passage omitted]

We always say that economic reform is severely and urgently needed. We say that the cure, any cure, must inevitably be bitter. We are prepared to endure the pain and the bitterness in order to overcome the catastrophes bequeathed to our country by the successive NDP governments. But our national Islamic reform program fully contrasts the alleged "reform" dictated by the IMF. The difference between the reform that we seek and the corruption that the IMF program represents is as big as the difference between our objective and the IMF objective. Our goal is the Islamic Arab nation's revival and its economic independence and integration. We seek to achieve social justice whereas the IMF program seeks to entrench the subservience of and deepen the division in the Arab economies, with all the subsequent distortion of development, proliferation of unemployment, and oppression of the powerless.

Regrettably, some national economists miss this fact. They see the IMF point out the flaws in the Egyptian economy as we point them out and they hear the IMF speak about the budget deficit and balance of payments deficit and imagine that the IMF speaks the same language we speak. They believe that it is a neutral technical body and forget that political economy cannot be neutral and remote from the strategic objectives. [passage omitted]

We should be excused if we do not believe that these foreign experts offer us their advice out of concern for our national wealth and out of fear of its being squandered. If we look for another reason for the advice, we will discover that the real motive is to add another justification, even to offer incentives and inducements, in order to achieve their demand that the Egyptian oil price be raised in the domestic market to the level of the international prices. This demand always comes within the framework of the general demand that the local price structure be made fully similar to the price structure of

the industrially advanced countries. This call is at the heart of the policies promoted by the IMF. It is a call that is well known under the name of "abolition of the subsidy." [passage omitted]

On an issue like the oil issue, we do agree with the IMF demand that this depletable resource be preserved. We believe that it is necessary to streamline oil uses. There is no objection to considering a limited increase in the oil price if we decide that such an increase is beneficial. But all this should not deceive us and should not conceal our fundamental disagreement. The IMF demands what it is demanding within the framework of eliminating state control of the prices, thus seeking to deprive the state of any ability to channel the economic activity, whereas we discuss this matter within the framework of reaffirming state control over local prices and the state's right to allocate subsidies so that it may set the prices with rational calculations made in light of the domestic interest in independent development and so that it may use the prices and subsidies as incentives to boost production in the areas defined by the [economic] plan. Likewise, subsidies are used to insure justice and a decent life for people with a limited income. [passage omitted]

**IRAQ**

**Ministry Completes Al-Basrah Telephone Network**

44000543 Baghdad BAGHDAD OBSERVER  
in English 24 May 89 p 2

[Text] Al-Basrah, May 23—The nation-wide drive to reconstruct the southern port city of al-Basrah, battered during the eight-year-old Gulf war, took a further step over the last week with the completion by the Ministry of Transport and Communications of the new telephone network in the city.

The drive to reconstruct and give the city a facelift started on February 12 upon the directives of President Saddam Hussayn. With the new network, more families will be on the phone now and congestions will no longer appear.

The improvement of telephone services is shown in the installation of three modern exchanges which was carried out in a two-month period with a total capacity of 20,438 lines.

Mr 'Abd-al-Amir al-Shamari, the engineer in charge of the campaign to improve telephone services, said "this figure represents 85 percent of the total number of telephone lines to be installed."

He added that overhead telephone wires in the city were replaced by new telephone networks.

He said that new 1,183 telephone posts were fixed and 97 cabins, each of 200-300 lines, were replaced by new ones.

"This is a major achievement for the moment and we are planning to make more expansions in the near future," said Mr al-Shamari as he was busy supervising a plan to repair 227 damaged main cables, each of 300-1,200 telephone lines. His staff have already completed repairs on 358 minor cables each of 10-200 lines.

The major achievement for local people is perhaps the improvement of telephone services between al-Basrah and Baghdad and other provinces. This has been made possible by the installation of a microwave network in Zubayr district, which acts as a relay center.

For several years people of the city were quite familiar with telephone congestions when they dialled numbers in Baghdad and other provinces. The situation became worse when the telephone exchanges of Ashar, Andalus and Bad al-Zubayr were damaged by Iranian artillery shelling.

Mr al-Shamari said, "now it takes you only seconds to get a number in Baghdad and other provinces from al-Basrah without any hitches".

He also spoke of new plans to increase telephone lines to meet orders submitted by people. He said that some 2,000 telephone lines will be shortly available in the areas of al-Mishraq and al-Zubayr and in the vicinity of al-Basrah TV buildings. So far, he added, 75 percent of the work on this expansion project has been completed.

Local correspondents who toured the city last week said that there are several maintenance teams which inspect telephone cabins and exchanges around the clock to secure smooth operation.

## ISRAEL

### 'Amos 'Oz Discusses Extremism, Intifadah, Future

44000558 Jerusalem THE JERUSALEM POST  
in English 8 Jun 89 p 8

[Text of the speech delivered at the Peace Now rally in Tel Aviv last Saturday night]

[Text] A small sect, a cruel and obdurate sect, emerged several years ago from a dark corner of Judaism; and it is threatening to destroy all that is dear and holy to us, and to bring down upon us a savage and insane blood-cult.

People think, mistakenly, that this sect is struggling for our sovereignty in Hebron and Nablus, that it wants the Greater Land of Israel, and this end justifies all the means at their disposal—including those dripping with blood. But the truth is that, for this cult, the Greater Land of Israel is merely a sophisticated ploy to disguise its real aims: the imposition of an ugly and distorted version of Judaism on the State of Israel. Nablus and Hebron are just means to an end, way-stations along the course Levinger and Kahane are pursuing towards the

spread of their savage conception over Tel Aviv, Jerusalem, Dimona and Bet She'an.

The real aim of this cult is the expulsion of the Arabs so as to oppress the Jews afterwards, to force us all to bow to the authority of their brutal false prophets. The national split over the question of borders and the territories is merely the breach through which the waste-products of Judaism spill onto the forefront of history's stage. It is a tragedy for all of us, hawks and doves, Jews and Arabs; but perhaps above all it is the tragedy of the secular Right which even now has not yet understood that it, too, as well as all it holds dear, is in the line of fire.

Fifteen years ago, in the abandoned train station at Sebastiya, this cult forced Yitzhaq Rabin to his knees; and ever since then Rabin has remained on his knees before the Levingers. Worse than that—the State of Israel went down on its knees there, at Sebastiya, 15 years ago; it hasn't been able to get back on its feet. Since then, in fact, all of us are "flat on our faces."

And now the moment of truth has arrived. The masks have come off, the disguises have been cast aside, the hands are the hands of Kahane. If the State of Israel does not arise and stop them now, the day may not be far off when they will stop us.

What is in the balance is not merely the future of the territories, nor even the question of war and peace. What is now to be determined—perhaps within a few weeks or months—is the very face of Jewish civilization. The very existence of Zionism. The very dream of being a free people in our own land.

The shocking success this cult has had in harnessing to its bandwagon large portions of the hawkish Right is also in part a result of the way it has wrapped itself in the cloak of self-righteous religiosity, the mask of patriotic Zionism, and even the guise of pioneering, to pull the wool over the eyes of hundreds of thousands of Israelis who would quake with alarm were they to recognize, beyond the dubonium and the Uzis, the face of the cruel and freedom-hating fanatic Jewish Hizballah.

All our attempts to reveal their true face have come to naught. Ever since Sebastiya, and to this very day, they have had the upper hand and we have been routed. Whoever sees and hears what is coming forth from Ari'el, Petah Tikva, Jerusalem, Acre, Ashdod and everywhere else, must recognize that the lunacy of the day before yesterday is yesterday's exception and today's routine; and if we do not rid ourselves of it now—it will be tomorrow's norm. And those who defy that norm will go to prison.

The moment has come to arise and vow: They shall not pass.

Israel's government of occupation in the territories has become a monster; a monster which has long since crossed the Green Line, removed its masks and even boasts of its monstrosity. Armed gangs sally forth to

wreak vengeance upon Arabs, and sometimes upon Jews who have the bad luck to look like Arabs, and upon Jews "who deserve to get shot like Arabs," and upon Jews who "look like Jews who deserve to get shot."

Remember: this cult got the rifles and the machine-guns and the bullets from the State of Israel, from us—because the State of Israel did not understand that their ultimate goal was not to wipe out Arabs but rather to wipe out the State of Israel and proclaim in its stead the Messianic and insane Kingdom of Judah.

Day in and day out, we hear the confused voices of President Herzog and Prime Minister Shamir and Defence Minister Rabin and all kinds of other figures who are stricken with blindness, pleading limply with this unclean cult "not to take the law into their own hands." But what does "taking the law into their own hands" mean? The shocking meaning of this phrase is that the law is sadism, pogromism, blind vengeance and indiscriminating slaughter—but the sadism and the slaughter must remain the monopoly of our men in uniform. Of the state.

Thus we degenerate day by day from a situation in which patently illegal and patently inhuman deeds are done practically unhindered—to a situation in which the law itself, and in one or two cases even justice, are beginning to display signs of being swept in the direction of this savage cult.

We are trying to say to President Herzog, to the prime minister and to all the rest: For God's sake stop nattering about "taking the law into their own hands." If each and every one of you, no matter what your view of a desirable and possible political solution is, does not speak out and begin to call crimes against humanity "crimes against humanity"—you, and all of us, will be sucked into the abyss of complicity in these crimes. If each and every one of you—hawks and doves, religious and secular, rabbis and legal advisers—does not speak out and call sadism "sadism" and a pogrom "a pogrom"—Judaism itself will be sucked into the depths of bestiality and defilement.

Whoever tortures human beings—even enemies—with red-hot iron bars, is not merely someone who is "taking the law into his own hands" but rather a criminal whom the law should take into its hands. Whoever abuses children, women and men, and whoever goes out to make a pogrom in a village or burn down the door of a journalist's home or beat up an IDF soldier or murder a political opponent—is not merely someone who is "taking the law into his own hands" but rather a villain and a criminal, whom the law must take into its own hands.

If each and every one of you—including you, Mr. Shamir, and you, Mr. Rabin, and you, the Chief Rabbis and all the other rabbis—does not speak out and call murder "murder," you too will not be invulnerable to the murderers' bullets or to the fate of the late Emil Grunzweig.

Out there, in the dark, there is already someone who sees you, too, as traitors. And someone out there, in the dark, has made you fair game. And the man out there who is loading his gun with the bullet that has your name on it—has already got your confirmation in advance that your murder will be merely another instance of "taking the law into his own hands." Don't worry—there is sure to be someone who will immediately add: "They acted out of an understandable predicament."

If you do not speak out—yes, first and foremost you, the heads of our government, you, the leaders of the Right, you, the lovers of a Greater Israel, you, the rabbis—if you do not take steps with all possible speed to rehabilitate the law which is beginning to be perverted, and justice which is beginning to falter, on the basis of the absolute principle of one and the same law for Arab and Jew, one and the same law for the settler and for the protester against settlement, equal justice for friends and for adversaries—if you do not do this at once, our blood is on your heads; and, at the end of the road, your own blood as well. You have been warned.

Without one law and equal justice for everyone, you will have to give up not only Ramallah and Hebron: you will have to give up the State of Israel, because the State of Israel cannot live without one law and equal justice. Nothing can exist here without the one law and equal justice. Not Hebron. Not Tel Aviv. And not Judaism. And not the State. It will be a jungle here. Beirut.

The Israeli Government of occupation in the territories is crumbling and degenerating not because Arab children are throwing stones and petrol bombs. In ultra-Orthodox Jerusalem as well, stones are thrown on the Sabbath, and the Tel Aviv underworld is proficient in the matter of petrol bombs. The occupation government is crumbling because the more or less agreed-upon foundation which had supported the occupation for 21 years has disappeared: it is no longer possible to use the old excuse that "there's no one to talk to," that there's no partner for peace, that without the territories our enemies will throw us into the sea. These claims are dead.

I don't know what is deep in the enemy's heart, but on his lips there are now suggestions for compromise and the peaceful co-existence of two states. Perhaps they are liars and deceivers. Perhaps. But we will never know unless we enter negotiations and examine their suggestions face to face. The continuing deterioration, the blood being spilled, and the blood that will yet be spilled, is therefore also the responsibility of those who stubbornly pretend that there is no one with whom to talk.

There are among us a number of decent people who say to themselves: only by rebelling will we be able to force the politicians to change direction. It is not difficult to see how a number of decent people have already arrived at the spiritual imperative to break dastardly laws, avoid perverted regulations and refuse to serve with the army in the territories. They feel that whoever goes to serve as

an occupier in the territories is in danger of becoming a monster—or of returning home broken and disheartened.

I and others like myself have not yet reached the point in our souls from which there is no return. We are still struggling to repair what has been bent, not to destroy it. To mend the breaks, and not merely to find a way out of the horror for ourselves.

But we too have our limits. We must sound a strong and clear declaration: we are not infinitely patient. Our patience is coming to an end. The hypocrisy of our leaders, the self-justification of our officials, the shocking pliancy of two or three judges, the prevalence of a double standard can bring us all to the point of saying: this is it.

Should the day come when thousands and tens of thousands refuse to go to the territories to carry out the oppression of the population there—the government of occupation will collapse. However, at that time, the last links holding this society together will burst. Seven times a day we restrain ourselves from leaping up and shouting “Enough! We won’t have any more of this.” Do not make the mistake of interpreting our public responsibility as dithering, our restraint as acquiescence.

We are not dithering. We are exercising self-control. The reason for this self-control is the realization that, should Israel be forced to leave the territories because of internal pressures as well as external pressures, it might arouse appetites among the extreme and fanatic Arab elements who will not stop at any border. It’s a sense of responsibility that holds us back. For now.

These warnings must be sounded in unambiguous language: we do not want the nation to be ripped apart—but under no circumstances whatever will we acquiesce in the transformation of our country into a monster. And we will not allow them to use us to serve as the fangs and claws of the monster.

One more point: if any of you have been toying with the hope of solving it all with some sort of swift and drastic action—transfer or other mass war crimes—you had better realize that such a thing will not happen. Not because the “world” won’t stand for it, not because of the danger of the situation deteriorating into all-out war, but because—very simply—we will not allow you to commit transfer or other crimes against humanity. Even if we have to lie down under the wheels of the lorries. Even if we have to blow up the bridges.

However, it’s not the insane cult that I would like to address now, but rather our normal opponents, the hundreds of thousands of Israelis who believe that giving up territories constitutes a death threat to the state.

My dear hawks: I believe the sincerity of your doubts and suspicions, I do not make light of your reasons, and I ask that you, too, make the emotional and intellectual effort to understand the depth and sincerity of the hundreds of

thousands of Israelis like ourselves, who are convinced that the continuation of the occupation and the wars to come are a death threat to this country.

You are not an incited mob; we are not defeatists and traitors. You are Israelis who want a Greater Israel and do not believe in peace with the Arabs; we are Israelis who are convinced that now is the time to begin to make peace within the framework of leaving the territories—otherwise there will be an unparalleled disaster. This disagreement will have to be solved fairly quickly, by means of debate and persuasion and not by means of terror, defamation and hysteria.

Do you want to convince us that in fact there is no one with whom to hold talks? Then let us sit down and negotiate with our enemies—all our enemies—and find out whether or not there is in fact someone with whom to make peace. We’ll try it and see. All this—on condition that with respect to everything having to do with pogromists, sadists and Jewish murderers—you take a stand together with us, shoulder to shoulder.

Furthermore: let us work together in the struggle to rescue Judaism from those who want to turn it into Hizballah, and Zionism from those who want to turn it into Abu-Nidal, and the State of Israel from those who are turning it into a monster. Put simply, I call upon you of the sane Right to take a stand together with us in defence of the common core: Thou shalt not kill. And there, “Thou shalt not kill” is stated plainly, without any sub-clauses permitting the killing of an Arab girl or a leftist Jew.

For decades, the Palestinian national movement took a fanatic, extreme and inflexible stance. It was undeterred by any form of slaughter, including the slaughter of its own people, and was not prepared to give up an inch. May God preserve the nation of Israel if it adopts a similar stance, now that the Palestinians are perhaps beginning to shake themselves free of the insane opinions which brought down upon them, and upon us, a tragedy that has lasted for 80 years. May God preserve the nation of Israel from stepping straight into the shoes out of which the PLO is trying to step at this very moment.

And perhaps when peace finally comes, all of us, Israelis and Palestinians, will have to build a joint monument to our stupidity and blindness. Every child knows that, ultimately, Israel will today get less than it would have got five, 10, 15 years ago from an advantageous position of vision and generosity—whereas they, the Palestinians, will ultimately get only a small part of what they might have got peacefully and honourably more than 40 years ago.

Only the dead will get nothing—apart from wilting flowers. And let us hope that on the day that peace comes, all of us, Jews and Arabs, will not have to wipe the spit of the dead from our faces.

Peace will come, perhaps, when another hundred thousand Israelis are convinced that our way is the right one, the logical one and the responsible one. Therefore, we must go forth now—and tomorrow, and the next day—to all the places where there are concentrations of people who do not agree with us. True, in some of those places they are not awaiting us with flowers. And it isn't easy to change minds. But those are the places we must go now: after all, our goal is not that each one of us, individually, will feel a bit better and a bit purer—but rather to work for the coming of peace.

And peace, like war, begins and ends in people's hearts. If we do not soon reach the hearts and minds of more and more Israelis—the monster will get them, and us. There will be no dialogue between Israel and Palestine if we do not manage to talk with at least some of our opponents—and convince them. We must not hesitate to enter into this dialogue and we must not evade it. In a dialogue between us and the Israelis who hesitate, we have a chance to succeed—because we speak in the name of undistorted Judaism, in the very name of the Zionist idea, in the name of logic. Moreover: we come in the name of life and peace.

And life and peace will prevail!

**Border Guards React to Service in Territories**  
44230088 Tel Aviv HADASHOT in Hebrew  
21 Apr 89 pp 10, 11

[Article by Michal Qedem: "We Go Every Inch of the Way"]

[Text] One of the most urgent and difficult tasks of the border guardsmen in the Gaza Strip is how to maintain their prestige in the eyes of the inhabitants without firing live rounds and without killing anyone. In other words, how to prevent a major riot like the incident in Kfar Nahlin on the West Bank. This task is apparently getting harder from day to day because the leadership of the uprising in the Gaza Strip has taken upon itself a new challenge with regard to the border guards: to break them and their respect in the eyes of the local inhabitants.

In the beginning of March the leadership of the uprising in the Strip reacted with dissatisfaction to the rumors that the command would be transferred from the IDF [Israel Defense Force] to the border guards. The border guards came in on 15 March. In the weeks that have passed since then, the leadership of the uprising has sent the children into the streets and there has been a significant increase in the number of casualties: 17 killed and 439 wounded. All of them, by the way, were casualties of IDF gunfire.

The border guards strike terror in the Gaza inhabitants, but the fear and hatred are accompanied by grudging respect. The residents know that the border guards will not bother the passive population and, generally, do not use live ammunition. The leadership of the uprising has therefore decided to fight them.

After several months of relative quiet, as they say, the last several weeks have seen a clear change in the Gaza Strip: direct attacks on IDF (Israel Defense Forces) soldiers and border guards. Last week three policemen were stabbed, four IDF officers were wounded, and one reservist's weapon was seized. This is a direct result of the struggle for prestige between the border guards and the leadership of the uprising. The burning question is: who will rule in the Gaza Strip?

The border guards are well aware that their respect and prestige—perhaps the most important component in the fear that they inspire in the Gazans—are in danger. It is a paradoxical situation: In order to maintain their prestige, they have to restrain themselves from using live ammunition, but such restraint can erode the very fear that they are trying to maintain.

#### There Isn't a Single Local Who Likes Us

Ibrahim Nahid (19) from Kfar Sajur: "I am a Druze. When the demonstrators see Druze policemen among the border guards, they start cursing Shaykh Amin Tarif. I hear it and go crazy; I'm really ready to kill, to settle accounts, to shut them up no matter how. They know it and provoke us in every way possible, especially the Druze. So what do you do? You try to maintain maximum restraint, to eliminate the event. But the feeling of degradation and helplessness is indescribable. I think that's what causes a lot of incidents."

Chief Inspector Avi Bronshtat (27), operations officer in Gaza. In the Gaza Strip since the outbreak of the intifadah: "There is pressure in the territories that no one can understand. So often the police are degraded, their respect trampled. The border guards are hit with both personal and ethnic slurs, not to speak of the fact that there is virtually no company in which a policeman has not been wounded. So what is everyone so amazed about? In the entire Strip there isn't one local who likes us. But there is a difference between the population that is active in the uprising and the passive population. My iron rule is not to bring the passive population to the point of despair in which it will have nothing to lose and therefore become violent; that is the consideration that guides me in the use of fire and how to use my truncheon in the territories. If you fire on and wound or kill a passive individual who just happened to be in the street, the entire Strip will be in ferment. This is the consideration taken into account in those few seconds when operational decisions are made in the territories."

Benny Naga (19), 2 weeks in the Strip, straight out of boot camp: "My baptism of fire was in the al-Shati' camp. On a routine patrol, they threw stones at us and started chasing us. I will never forget the anger I felt. I just wanted to run and catch them, to show them what it's all about, to wreak vengeance, vengeance. It was only then I understood how those depressing incidents occur in the territories. I don't know a single border policeman who doesn't feel that anger, and I can imagine that they don't all express it the same way."

Moshe Nagauqer (20), half a year in Gaza: "In the Shaykh Radwan neighborhood, at night, I broke up my first demonstration. A rain of stones hurled down upon from the roofs, and we couldn't see anything because of the darkness. We stormed in and were hit by stones and glass right and left. We were overcome by helplessness, frustration and terrible anger. I take care not to fire rubber rounds or gas into houses so as not hit children—and they go crazy like that? I was boiling with rage and don't know what I was capable of in that moment. I don't know what would have happened if I hadn't taken a stone in the knee. Within 2 minutes they evacuated me to the hospital. I was in a cast for a full month. The day they took it off, I took a stone in the spine, and they hospitalized me again. So what's so amazing?"

### One Failure and Your Prestige Is Dead

Chief Inspector Yosi Weizman, Northern Company commander in Gaza: "No one stops to think for a moment about our feelings regarding this complicated whirlpool. I will never forget the feeling of a pursued animal. One day, in the al-Mu'azi camp, I chanced upon one of the most stormy demonstrations I have seen. Roadblocks, burning tires, stones, and 600-700 people surrounded us—one jeep with four soldiers. We were stuck at the entrance to the camp, surrounded on all sides. I knew that I had to break forward to keep them from leaving the camp and blocking the main axis. I knew, but I couldn't move. They closed in on us in a choking ring. For a few moments there was the feeling that this was it, and everything was lost. No one who has not gone through it should judge me. The decisions, including the use of rubber, plastic or live ammunition, were mine to make."

Deputy Commissioner Yisra'el Asaf, Border Guard commander in the Strip: "I believe that gunfire is superfluous in every situation, in every incident. Live ammunition is a luxury that the prestige of the Border Guards cannot permit. Gunfire is understood as weakness. I say we must never, under any circumstance, fire on demonstrators. Before pulling the trigger, we must think twice. To this day, and this is a fact, no resident of the Gaza Strip has ever been killed or wounded by Border Guard gunfire. It's easy to shoot. It solves problems the fastest, but it also causes the most damage. The Border Guard has a police "switch" in his head, not an IDF switch. We operate under the fire rules of the police, not the military."

Superintendent Ri'ad Sa'ad, Commander of the northern company in the Strip: "We absolutely must not allow the locals to win an action against the Border Guard. That is our motto and from it derive the harsh reactions of the Border Guard toward the population. We are zealous in defending our prestige. The moment a local wins an action against us, our prestige will be destroyed, will be equal to zero. The rumor of the failure and weakness will spread like a wireless message throughout the entire Strip and beyond. The boy that carries out a successful action against us will run to tell his friends,

who will spread it further. Therefore we are very stubborn about cutting this off before it can get started. We immediately take sharp, unequivocal action, with all that it implies. They have to understand that whoever dares to hurt the Border Guards will not get away with it. Our long arm will find him anywhere. Apart from that, as a man of law, I do not allow myself to fold or to retreat. I go every inch of the way with them."

Chief Inspector Asher Almakis, Operations Officer for the northern company: "We use violence against the males, and there are no problems with that. Against women and children I generally won't fire plastic bullets or use the truncheon or beatings. I wouldn't be able to live with myself otherwise, not to mention that the whole Strip would become live with projectiles and would begin to burn. I have no problem using force and gunfire against the men. Of course, if a woman comes at me with a knife, or a girl chases me with a broken bottle, I have no choice. There have already been unprecedented incidents against the Border Guards, and the reaction has been corresponding."

### It Attaches Itself and Sucks and Doesn't Give Up

Chief Superintendent Yisra'el Asaf, Commander of the Border Guards in the Strip: "They call on the Border Guard mainly in cases of extreme violence. We come into the picture when the IDF runs into problems in riot control. Of course the way we function in the territory is influenced by that. The Border Guard has therefore acquired the reputation of a leech that attaches itself and sucks and doesn't give up. The inhabitants are well aware of that. A military jeep may pass a PLO flag without getting excited and ignore it. A Border Guard jeep will turn the world upside down to find those who put up the flag. On the operational side, the Border Guards have acquired a reputation for using the truncheon, at least among the locals. Official instructions are not to deliberately use the truncheon after detaining the rioters. True, they beat them, but they do so while controlling rioters when they encounter resistance. If they don't come at us with sticks and stones, we won't beat them. Recently we came upon a violent demonstration with masked inciters. We did not catch the inciters, but we detained four boys. They remained in our custody, and on that very same day they gave us the names of the inciters. A leech, that's why they call the Border Guard a leech, and they therefore think twice and are afraid to mix it up with us. The truncheon, consistency and persistence in our mission make them avoid us."

Chief Inspector Yosi Weizman: "It may be that the use of the truncheon results from permanency in the territory, from erosion in the situation and from the force of habit. Tires, roadblocks, demonstrations—it is all routine. Policemen who at first were hesitant and cautious, feel much more self-confident in the territory, much more professional, and act almost mechanically, like automatons, sometimes. Policemen who at the beginning of the intifadah were much less bold, are much bolder today. The IDF forces in the Strip come and go: whether

it's reserve units that come for a month and are already gone by the time they begin to see what is going on or regular units that move from city to city and from Judea and Samaria to the Gaza Strip, hopefully never to return. If at the beginning I had to encourage and prod the policemen to use more or less violence, now I mostly have to restrain them. I particularly remember one incident as if it had happened yesterday. I was driving in a jeep near the 'Palestine' school in Gaza city. My driver was a new policeman who had been in the Strip for maybe a week. I suddenly saw a large group of students, boys and girls, hundreds, who had us surrounded front and back. Being more professional and experienced, I was less excited. I have gotten out before from situations of a lone jeep in an angry mob before. The driver was in a panic. I saw how pale he was trying to control the fear. 'Listen,' he said to me, 'let's not get trapped with one jeep. Let's call for more forces and await reinforcements. There are too many students here.' I explained to him that we must not retreat, because then they would attack us. In fact, we cut through the crowd at a rapid pace and they scattered on both sides. Afterward reinforcements had already arrived. The driver saw, learned and understood. Today he is one of the most energetic policemen in the company."

Superintendent Ri'ad Sa'ad: "At every opportunity I gather the policemen together and talk about the situation in the territory. One of their questions, which is constantly repeated is why the Border Guard doesn't enter the schools and mosques en masse. It frustrates them to stand by during rioting and stone throwing, at the mosques and schools, and have to wait long minutes for authorization from the IDF to enter. They are agitated, forceful and, sometimes, impatient. They are tensed for battle. Generally, by the time we get authorization there's no longer any point in going in since the inciters and demonstrators are long gone. That upsets the police just as it upsets me. I think that fact explains what happens."

### Three Scatter a Hundred

Chief Inspector Avi Bronshtat: "I have been in Gaza since the beginning of the intifadah. The northern company was set up eight months ago. I saw the unit come together little by little, I saw the change in the daring and aggressiveness of the policemen, from initial hesitation to the present firmness. At first the policemen behaved like any other irregular military unit in Gaza, just like reservists. They all came into the Border Guard from basic training or from civilian life. They all were afraid at the time of the riots. There were many elements of fear in the territory. They were afraid to assault, they asked what would happen if the mob were to assault them; they worried about how to shoot, when and whether to use plastic, rubber or live ammunition. Today there are none of those concerns. Today the police assault with fire and with water. Those are things that simply come with time. I believe that stubborn toughness, which is expressed by the results in the territory, would never have been

expressed but for the day to day consistency and familiarity with the territory. From an initial situation in which the police were afraid to storm a demonstrating mob, we have gotten to a situation of an administrative team of three policemen at most that can scatter a demonstration by 50 or 100. Nothing can be done—time and experience take their toll. It is not magic. I think that the devil's dance surrounding the Border Guard is out of place. You don't wear the Border Guard uniform and change in an instant. You don't get a police diploma and change your personality. It is a slow gradual change. I believe that IDF soldiers, both regular army and reservists, would act in exactly the same way if they were stationed in the territory day by day, hour by hour, minute by minute for months at a time."

Salih Hayyun (25), Druze, eight months in Gaza: "One night I entered the al-Shati' refugee camp as the driver of a jeep. We didn't know the streets. It was at the beginning and we mistakenly went down a street at the time of the outbreaks in the area of the schools. Suddenly we were hit by a terrifying salvo of stones. I didn't understand what was happening. The jeep was hit and stopped, and the stones continued to be thrown from all the houses and alleys. Suddenly I saw that the soldier sitting next me had been seriously injured. It turned out later that his skull had been cracked open. By the time we managed to control the demonstration and use our comms to call for reinforcements, he had already lost consciousness. We had to evacuate him to the hospital. After you see a friend wounded that way before your eyes, and you think that the next time it could happen to you, your behavior toward the local population changes. If initially you are afraid, preferring not to be involved in a confrontation, after something like that you look for confrontations."

Then the Border Guard Went In: A Diary of Events From the Announcement of the Entry of the Border Guard into the Gaza Strip up until Last Week

6 March: 3 lightly injured in clashes at the Jabaliya camp.

7 March: After the leadership of the uprising hears on "View of the News" about the expected change in Gaza, it decides to take immediate action: Day of the Schools. All students are called to open sharp confrontations with the Border Guard. The result: 29 injured.

8 March: 21 injured. The resident of Shati demonstrate. In the established Rimal neighborhood there is disorder as well as in Khan Yunis and in the south of the Strip. In Jabaliya the residents fortify themselves within the UNRWA infirmary and force the border guards to get special authorization to break in.

9 March: A 16-year old boy from Saja'iya, 'Ataf 'Ali'an, is the first person killed. The boy attacked an IDF soldier with a broken bottle. Nine injured in serious rioting in the Strip. The intifadah leadership leaks to the press that the broken bottle was intended for the Border Guard.



10-11 March: A second person killed: Lutfi al-Hammas (24) from Rafiah. 17 wounded by gunfire. The end of a stormy week in all parts of the Strip.

12 March: The IDF evacuates its position in Shati. Hundreds of camp residents storm the building and destroy its walls with hammers and axes. At midnight two gas balloons blow up in the position, destroying the remainder of the second floor. Five wounded by gunfire and 20, otherwise.

13 March: 31 injured in the Strip. The intifadah leadership expresses cautious optimism. The West Bank is quiet.

14 March: Tomorrow the Border Guard takes command of Gaza. 5 injured by gunfire and 30 by plastic or rubber bullets or sticks. Stormy riots, especially in Jabaliya and Dir al-Balh.

15 March: This morning the "iron heads" come in. The leadership of the intifadah throws cannon fodder into the battle. Two hundred residents of the Khan Yunis refugee camp fortify themselves in the mosque, wailing and throwing stones. Pupils from four large schools leave their studies. 16 high school girls are injured. 6 residents of Shati are injured.

17-18 March: 3 dead, many dozens injured by gunfire. Serious riots in Shaykh Radwan. In a bad incident at the mosque, three youngsters were killed and 12 suffered medium to serious injury. The IDF was quick to impose a curfew, but 500 went on a stormy demonstration in which 15 youngsters were injured. The leadership of the intifadah: "So who can't put hundreds on the streets?"

19 March: Assad Talal Hammuda (17) is declared a saint: he stabbed three Border Guardsmen and was killed. Hammuda threw stones at a patrol, led them into pursuit and hid in an abandoned courtyard where he stabbed and moderately injured three Border Guards, among them Chief Inspector Avi Bronshtat. He was shot and killed. During the course of the day: 14 injured by gunfire.

20 March: Only 6 injured, perhaps because of the curfew.

22 March: Serious rioting in parts of the Strip not under curfew. Nine injured by gunfire. In the evening thousands come out onto their doorsteps, stand at the entrance and shout: "Allah is great, slaughter the Jews." There is an attempt to seize the weapon of a soldier in Sheikh Raduan.

23 March: Twenty-one injured, three seriously. Two soldiers are attacked by a rain of stones during a routine patrol and the weapon of one of them is seized. The IDF declares a curfew on Rimal and rounds up all men ages 10-50 while announcing that until the rifle is returned the neighborhood will remain under curfew and suffer serious sanctions. The leadership of the intifadah instructs the residents of Rimal to ignore the order. After four days the curfew is lifted.

26 March: Two killed, thirty-three injured. two residents murdered.

28 March: Hundreds of residents of the Jabalya camp pour into the streets in the evening. Accidentally or otherwise, the demonstration was organized just a few short minutes after four Border Guard jeeps entered the camp. The demonstration was broken up with tear gas.

31 March: The Jabalya camp continues to be the pioneer in the new tendency in the intifadah. One killed and five injured in rioting in the camp. Three Molotov cocktails were thrown at Border Guard jeeps. The police are dumbfounded at the increased boldness of the residents. Half a year earlier no one dared throw a Molotov cocktail at the Border Guards.

9 April: The residents react: They know that the Border Guard are called to handle exceptional circumstances and attack an IDF jeep with stones. The Border Guards arrive and have to contend with Molotov cocktails and cinder blocks thrown at them.

12 April: The Hamas movement publishes a poster calling for the residents to hold a general strike for two days, among other things, because of the massive presence of the Border Guards in the Strip.

**Rise in Argentine Immigration Expected**  
*44000557a Jerusalem THE JERUSALEM POST*  
*in English 2 Jun 89 p 8*

[Article by Charles Hoffman: "Economic Imperative"; first paragraph is editorial introduction]

[Text] Israel can expect a doubling of immigrants from Argentina this year. Most are leaving due to the terrible economic situation, and not necessarily because of fears of what lies ahead under Menem, the newly-elected Peronist president of Syrian background.

The economic chaos in Argentina has hit the Jewish community very hard, forcing thousands to seek welfare and leaving many people who are trying to get out without enough money to buy a suitcase or a passport, according to an Israeli who recently returned from a visit there.

The source, who asked not to be identified, said that salaries and savings are being ravaged by monthly inflation of 70 percent, and that banks are charging 300 percent monthly interest. "There is also a severe cash shortage. Even people with money in the banks are not allowed to take all of it out, and employees can't even draw the full amounts on their meagre paycheques."

He said that economic contradictions abound in Argentina, a country rich in industrial and agricultural productive capacity but plagued by reckless government deficit spending and a huge external debt (about \$60 billion). This week the government suspended civil liberties for a month in an attempt to quell food riots and other violence.



"Most of the Jewish community, with the exception of the very rich upper stratum, has suffered greatly. Many Jews in the university-trained middle class of public service employees and professionals have lost their jobs, and business has been hit by a major slowdown. The stores are full of goods, but prices shoot up by the hour and no one can afford to buy anything.

"People who want to sell their flats or stores and leave are forced to take big losses. Because of the economic and political uncertainty, no one wants to buy; and even if they do sell, foreign exchange rates are so bad that they are left with very little to take out. A four-room flat that was worth \$150,000 last year can now be bought for only \$10,000."

Jews, along with others, have been evicted from their flats because they can't afford to keep up the rent, and more and more Jews are turning to the Jewish community for welfare. Some Jews can't even afford to bury their dead in the communal cemetery any more.

One indication of the extent of the economic malaise among the Jews, he said, is that even some big contributors to Israel, who always felt that aliya was for the less fortunate, are now talking about coming to Israel.

What is pushing people out of the country, he said, including the Jews, is mainly the terrible economic situation, not necessarily fears of what lies ahead under Menem, the newly-elected Peronist president of Syrian background.

"The Jewish community is still very confused about the outcome of the elections, and you find a broad range of speculation about what will happen under Menem. No expects him, however, to come up with a workable plan to save the economy. There have already been hints, though, that his party intends to strengthen the nationalistic and religious elements in the school system, which of course worries the Jews."

The economic uncertainty is creating "huge lines outside the Spanish and Italian embassies. Not only the Jews are leaving—many Argentinians are of Spanish or Italian descent. These embassies have stopped taking applications, and only the very rich can think about trying to get into the U.S."

Jewish Agency officials believe that aliya from Argentina will double this year to about 3,000 people. Those who want to inquire about aliya have a three-week wait to see a shaliah (aliya emissary), but aliya offices there are to be reinforced soon.

"Most of the Jews are coming here for economic reasons," acknowledged one official. "Only a minority come for Jewish reasons, such as the high intermarriage rate, which in the smaller towns can reach 70 percent. The rate in Buenos Aires is about 50 percent.

"Many of those applying to come here can't afford to buy a plane ticket to another country, and we have to help them with basic needs such as clothes and suitcases. This

is an unusual aliya—of needy western Jews. When they come here, they can't even think about taking out a mortgage, because it doesn't cover the full cost of a flat.

"But they are willing to settle just about anywhere here, if we can assure them of a roof over their heads, a job and school for their children." Most of the Argentinian aliya of the past year or so has gone to towns in the north such as Migdal Ha'emeq, Carmiel and Upper Nazereth, and most of the olim have been placed either in absorption centres or in public rental housing.

"Many of the olim are young, and if they make out they will bring their parents over. It all depends on us, on whether we can take advantage of this opportunity, and offer them the housing and job solutions that they need.

"If we don't provide solutions for them, the better off among them may just go to Spain. We could have a new neshira (drop-out) problem on our hands, and it will be our fault."

## JORDAN

### Fuel Production Output, Future Described

44040429 Amman AL-DUSTUR in Arabic  
9 May 89 p 2

[Article: "Annual Report of Jordanian Oil Refinery Company: Production of 2.3 Million Tons of Fuel and Construction of Two Gas Purification Plants in Amman and Irbid at Cost of 5.2 Million Jordanian Dinars"]

[Text] Last year the Jordanian Oil Refinery Company produced 2,317,712 tons of fuel compared to 2,404,523 tons for the previous year.

The 1988 annual report said that company sales amounted to 2,875,435 tons, including 111,265 tons of liquid gas, 341,119 tons of gasoline, 158,685 tons of kerosene, 805,464 tons of solar oil, 1,132,877 tons of fuel oil, 135,079 tons of asphalt and 360 tons of white oil.

### Gas Bottling Plant

In 1988, the gas bottling plant produced 82,005 21.5 kilogram bottles and sold 79,258 bottles.

Repaired for reuse were 42,735 bottles; the number of bottles in circulation as of the end of 1988 was 1,243,108 12.5 kg bottles and 9,504 50-kg bottles. In 1988, the plant produced 92 cisterns of varying capacities, five of which are for mineral oil-marketing purposes.

### Completed Projects:

- Construction of 247,000-cubic meter fuel oil and crude oil storage tanks at the refinery site at a cost of JD3,778,000.
- Purchase and installation of a heat exchanger for each of the two catalytic cracking and naptha reforming units at a cost of JD40,000.

- Preparation of basic documents for three energy conservation projects at the refinery at a cost of JD18,000 and for the sulphur recovery unit at a cost of JD38,000.
- Construction of a new services building at the Queen 'Aliya' International Airport at a cost of JD44,500.
- A list of miscellaneous civil works such as building foundations, paving roads and squares, building conversion stations and cable excavations at the site at an approximate cost of about JD49,000.
- Upgrading the cathodic protection system at the refinery and the two crude oil pipelines at a cost of JD60,000.
- Purchase and installation of two pumps and supplying them with electric power to boost the pressure of the fire-fighting network at a cost of JD10,000.
- Converting crude-oil loading platform scales from mechanical to electronic operation method at a cost of JD10,000.
- All computers have been sent to the two computer centers in Amman and at the refinery site in al-Zarqa' for a payment of JD125,000 or 90 percent of the total cost.

#### **Projects Under Implementation or To Be Implemented Soon:**

- Two liquid gas bottling plants in Amman and Irbid at a cost of JD5,229,000; 75 percent of the work has been completed and the project is expected to be handed over this year.
- A liquid gas spherical storage tank at the Amman gas bottling plant at a cost of JD271,000; 70 percent of the work has been done and the project is expected to be handed over in April 1989.
- Development of the fuel tank station in 'Aqabah.
- Raising the mixing and storage capacity of the mineral oils plant at a cost of JD80,000.
- Building a plant for gas cistern on-site loading and unloading.
- Purchase and installation of a heating furnace at the gas bottling plant to boost production and maintenance operations.
- Testing of the refinery's water well capacity and the purchase and installation of miscellaneous equipment such as a hydrochloric acid storage container, two diesel tank mixers, two oil can-lid molding presses and a can-folding machine at the mineral oils plant.
- Completion of the third residential area project at a cost of JD1,062,000; 55 percent of the work has been completed.
- Purchase of three forklifts for the main workshops and electric forklifts for the oils plant, at a cost of JD57,000, and installation of the new cooling water pump at the third expansion project at a cost of JD77,000.
- Installation of a new fire alarm panel and a new electric panel, for feeding the new gas filling station, at a cost of JD13,000. Construction of a new transfer station for the transportation department at a cost of

JD12,000. Installation of elevators for the third residential area and a new antenna tower for the radio-telephone and purchase of new radio equipment to upgrade the refinery's communications at a cost of JD35,000.

- Purchase of four diesel and one electric welding machines for the main workshops at a cost of JD28,000.
- Construction of three energy conservation projects and a sulphur recovery unit at the refinery, installation of a hydrogen storage pressure vessel and purchase and installation of a furnace for the gas bottling plant.

#### **Fuel Distribution Stations**

Four new stations, with a 1,303-ton storage capacity, have been built, some existing stations have been refurbished and old closed ones have been reactivated. Furthermore, three stations have been eliminated as a result of road expansion and organization work, bringing the number of operating stations to 270 with a total storage capacity of 65,116 tons.

#### **Company's Future Plans:**

- Continuing to study the project for raising the capacity of the crude oil pipeline by building an auxiliary station at the Tapline Company's point of delivery and constructing sentry buildings at three locations for use by the guard company located around the refinery.
- Modernizing the telephone electric cable network and the fire alarm system and upgrading the refinery's sewage system by connecting the sewers to the general sewage line.
- Building fuel supply station offices at the 'Aqabah airport, a gas bottle truck inspection station at the site and end dams [shoring walls] to protect the sides of the valley.
- Constructing a shelter for the oil plant, an office building for on-site maintenance and operations, outside walls for the gas station hangars in Amman and Irbid and an on-site oil laboratory building.
- Renovating the distillery, raising the (unibun?) unit's capacity, constructing a heavy fuel oil viscosity breaking unit, repaving some roads and streets, constructing an iron staircase for the third residential area, replacing the roofs of the gas bottling plant hangars and ground storage tanks.
- Constructing a building for the electric transfer station at the transports area, upgrading the fire extinguishing system for spherical tanks in the third expansion project, and constructing four spherical tanks for liquid gas and four for fuel oil and an incoming oil collection station.

## LEBANON

### Effects of War on Daily Life Described 44040433 London AL-HAWADITH in Arabic 26 May 89 p 52

[Unattributed article: "The Lebanese Pound, Electricity, Telephones, Highways, Gasoline: Lebanon's Economy Has Become a Hostage Held at Gunpoint"]

[Text] The Lebanese have bided many a deadline and many a juncture so that they might merit the attention of the warlords and so that some heed might be taken of the matters affecting their daily lives—with the privation, poverty and joblessness that have tormented them and their being deprived of electricity and water and often of the vital necessities of life itself. They were told: as soon as the constitutional deadline expires in September 1988 and the presidential elections are held (and they will inevitably be held on schedule), matters affecting your everyday lives will receive full attention. Events, however, turned out to demonstrate the complete opposite; the elections did not take place, and the concerns of the public have received no modicum of attention. On the contrary, the situation has worsened and become even more confused, and the concerns of the public are in abeyance.

So electricity, which they used to have for 12 or 18 hours a day and which would be interrupted for 6 hours, is now completely shut off or flows for scarcely an hour a day. Other utilities and enterprises have come to share the fate of electricity in that respect; the water supply situation has worsened, stocks of foodstuffs have spoiled, and damage has been done to health facilities dependent on electricity and the services it provides.

The concerns of the public are well known: the Lebanese pound; electricity; water; the highways; insurance; housing; education; employment; and, first and last, security.

Security is unsettled to a catastrophic extent, so that no prospects for a solution or for coping with the situation remain in sight and nor are any even anticipated in the short term. The adverse security situation is mirrored in the concerns of the public, just as it has also had repercussions on the assistance that had been reaching the Lebanese people, as decided, from the United Nations and the Arab states but whose delivery has been prevented by the disturbed security situation.

Although the Lebanese were optimistic at the time of the presidential elections last September, the establishment of two different Lebanese governments once again upset the situation and made it even more involved. Then came the new wave of violence and destroyed all traces of any future outlook for the country.

The Lebanese pound which, like the Lebanese themselves, had bided many deadlines and even more stages, is now shrinking in value and losing its ability to stand up to the rise of foreign currencies against it; it has

become of no mentionable significance or value in buying or selling. With all importation operations in the marketplace conducted exclusively in hard currencies, particularly the United States dollar, members of the public find thousands of pounds passing through their hands to no avail. There have previously been many attempts to bolster the pound, by lowering interest rates on treasury bonds in the secondary market, on deposits, and on both credit and debit funds, but investment in the production sectors did not expand. The Bank of Lebanon was waiting for the constitutional deadline and other anticipated events, as were other banking circles, in order to facilitate the adoption of certain conclusive proposals to ease financing of the production sectors with the assistance of the banks. That came to nothing when it proved impossible for the elections to be held. The suggestions made for the modification of certain banking concepts so that the banks would be able to extend credit to industrialists and to production as well as other demands of the banks, all of them put forward so as to strengthen the position of the pound, have likewise disappeared. The elections that were not held left those proposals pending, they are now even more in abeyance, and they have vanished until some distant time after the end of the present upsurge of military action and until the outlines of the proximate future can be discerned. The pound continues its decline and fall, and the United States dollar, once again, goes through the 500 pound ceiling time and again.

Electricity has been in a similar or even worse situation. Whereas, before the present upsurge of shelling, discussion centered on reducing periods of rationing, stopping misappropriation, shortcomings in the operation of equipment, fuel oil delivery problems, and the department's debts of some \$100 million, that situation is becoming so bad, after all the proposals made for the improvement of the electricity situation, that the only concern now is to provide a single hour of electricity out of every 24. The shelling has idled entire plants and disrupted entire electricity grids, completely eclipsed the fuel oil question and swept away all the suggestions made for the improvement of electricity services by the purchase of new equipment and the establishment of new projects. Discussion is now limited to identifying the electrical equipment and installations still capable of functioning and producing, with the al-Jiyah and (al-Dhawq) plants hit and the high-tension line cut in a number of areas.

If the electricity question was in abeyance biding the constitutional deadline and then became deadlocked awaiting agreement between the two governments, it is now an issue of the past. It has not been spared by the shelling or the armed clashes between the warring factions and has vanished completely owing to the damage to its basic infrastructure and not, for example, because of any inability to reach a thermal plant in order to operate it.

What of water? The water situation used to be considered in terms of improved pumping and the reduction or

even abolition of rationing. There was talk of providing pumps, networks, transformers and equipment to 26 water departments. There was also talk of developing the old canal through which water runs from (Ju'ayta) to (Dubbiyah), a source on which Beirut is 90 percent dependent. Now, however, the water question is changed and altered in that water no longer exists except sometimes for a few minutes or for short periods in conjunction with the hour or less of electricity. Breakdowns have also affected the networks as a result of shelling, and no one has been able to repair them.

The water question has become not one of rationing supply but of supply itself, with water mains blown up along with reservoirs and water distribution and supply networks.

The telephone service has, like electricity, been suffering from the misappropriation of lines and from persistent jobbery, which ensures that any line can be moved anywhere if from \$5,000 to \$10,000 is paid for an electronic line or if the telephone in question belongs to someone toting a machine gun. Most lines were in any case out of service since there was no electricity, which, in turn, was awaiting delivery of fuel oil. There was therefore a plan to improve the telephone situation by bringing the ownership of lines under control within a year and developing and automating the major exchanges. The new upsurge of shelling has, however, left everything in abeyance and has even affected the telephone lines that still remain. Direct shelling has hit the Badaro exchange and knocked out 90 percent of the lines. Lines at the Ra's Bayrut exchange are out, even though shelling was not directly responsible. Only the Riyadh-al-Sulh exchange continued to operate, but it lacked electricity. All of this has placed the country in a state of internal and external siege.

The housing problem had persistently been the most difficult before this new wave of shelling. There had been no prospect of a solution, and it had, in contrast, itself had a great impact on population growth. It is in fact a multidimensional problem: there are the forced migrants who have placed a burden on the capacity to absorb them because, in one area or another, there are no houses or other accommodation in which to place them. Then, there are the dwellings that have been destroyed, requiring a 5-year reconstruction plan such as that considered and which was to have been based on the housing authorities undertaking to raise the loan ceiling and to simplify procedures, in order to facilitate the granting of loans, and on the encouragement of rebuilding. Companies were also to present plans for the construction of public housing complexes in the suburbs of Beirut. Those plans were, however, awaiting the presidential election deadline and, when the deadline came and went, they passed away with it, to fall subsequently into the snare of the two governments. Now, with the new wave of shelling, the housing problem has become one of the worst and most intractable owing to the increasing number of houses that have been destroyed, burned and demolished or whose foundations have been weakened

and because, too, of the fresh rounds of forced migration that have affected both parts of Beirut and the suburbs. The regions have begun to suffer from a housing crisis because of the influx of refugees from the shelling in the two Beiruts into the south, the Biqa', ('Amq Kasrawan), and the north. They are witnessing a new distribution of empty dwellings and houses crammed full of people because of the new pattern of shelling.

The transportation and communications problem also seems complex, involving as it does highways and the means of transportation and the stuff that makes them run, namely gasoline. There are a great many factors that are difficult to regulate in time of peace and tranquility; so what then is to be expected in a state of war and under devastating shelling?

The roads in Beirut, for example, have turned into a virtual quarry, with the mutual bombardment having hit the corniches and the higheys from Corniche al-Manarah to Corniche Nahr al-Mawt-Dubbiyah-Antilyas, and from Corniche al-Mazra'ah to West Beirut itself, with serious damage to the large traffic circles at UNESCO [UN Educational, Scientific, and Cultural Organization], (Qardan), al-Rawshah, and elsewhere.

As for vehicles, the damage caused to automobiles in general can be interpreted as tantamount to their loss. Despite the speedy departure of public buses from the streets at the beginning of the present upsurge of shelling, six of them were hit or partly burned. Taxis fled to the regions after they became such a lure for burning that the automobile shambles became a daily phenomenon.

All of this is easy in comparison with the problem of the permanent unavailability of gasoline. Where can you get gasoline when all the ports are closed and under siege? The storage tanks have also been hit by the shelling, so that gasoline is no longer available even in the black market and even at 5,000 pounds a can. So who can pay the new high tariff for transportation inside Beirut, which has sometimes reached 500 pounds per passenger?

Any other problems that might be mentioned of those that were in abeyance and awaiting a particular deadline, namely that of the elections for the presidency of the Republic, are now awaiting many deadlines, most prominently a stable cease-fire and then an approach to a political solution whose outlines are not yet clear. This is especially so since the extraordinary Arab summit conference has become involved, and it is to be feared that it will not really be able to do anything.

At all events, even if the Arab solution has any modicum of success at all, the everyday problems of citizens and of the country will long remain in abeyance and will long be shelved. This applies to those we have touched on as well as to those that could also be mentioned, if only by naming them: school fees; education in general; social insurance, and particularly health insurance; the failure of the consumer cooperatives to break the monopoly; and prices in general.

Besides all this, there is the fact that the machinery of decisionmaking, referral, implementation, and resolution is shared between two governments. How then can problems be ventilated and citizens be allowed a respite? Because of the new wave of shelling, citizens have returned to the ambiance of "The important thing is to be safe from the shelling", then all will be well. Unless the public can extricate itself from this vicious circle, the problems will become more complex and will generate fresh problems.

So, Best Wishes to the Lebanese on Each New Round of Violence!

## OMAN

### Bank Loans for Development Substantially Increased

44040409 Muscat 'UMAN in Arabic 11 Apr 89 p 3

[Interview in Muscat with governor of Oman Bank for Agriculture and Fisheries by 'Awad Ibn-Muslim Za'banut and 'Abdallah Ibn-Hamad al-Maskari; date not given.]

[Excerpts] [Passage omitted] In 1988, the first Year of Agriculture, the Oman Bank for Agriculture and Fisheries made loans amounting to 6.1 million Omani riyals in wide-scale funding to finance the purchase, establishment, and development of modern farms; finance large fisheries projects; finance a project for the development and proliferation of goats, etc.

On the occasion of yesterday's ordinary meeting of the general assembly, we interviewed Sa'd Ibn-Musa al-Junaybi, general director of the Oman Bank for Agriculture and Fisheries and asked him about the bank's accomplishments and continued efforts under the Year of Agriculture.

We began the interview by asking Sa'd Ibn-Musa al-Junaybi, general director of the Oman Bank for Agriculture and Fisheries, about the bank's most important credit achievements within the framework of the first Year of Agriculture in 1988.

The bank's general director said that since a royal edict decreed 1988 as a Year of Agriculture, the bank, as an agency concerned with farm development, has been pursuing the royal edict's noble objectives, which are essentially to put agriculture on the right road to development and modern technological advancement by providing the support, credit, and technical assistance that our wise government makes available to supply the needs of this important productive sector.

The value of loans made by the bank during the Year of Agriculture was double the total in the three years preceding. Following is a breakdown of the 1173 loans extended by the bank for an aggregate of about 6.113 million Omani riyals.

Allocation of 47 loans valued at 608,000 riyals was made to finance the creation of modern farms. 167 loans, valued at 1.151 million riyals, to modernize existing farms. 148 loans valued at 218,000 Omani riyals for the purchase of farm machinery. The bank also issued 488 loans valued at 876,000 riyals for fishermen to develop their methods and to increase efficiency. 12 loans valued at 2.453 million riyals to finance large projects, and 296 loans valued at 733,000 riyals to finance the development and proliferation of goats. Fifteen more loans were issued for sundry purposes.

Sa'd Ibn-Musa added: Major projects received more than forty percent of the total value of bank loans in the Year of Agriculture, mainly because the bank focuses on projects that can effectively contribute a measure of the self-sufficiency targeted by the food security policy. Such projects also have great technical and economic value.

What are the most significant of these major projects?

Sa'd Ibn-Musa al-Junaybi, general director of Oman Bank for Agriculture and Fisheries, says that among bank-financed projects was one to produce table eggs at the annual rate of 42 million eggs which would meet 21 percent of anticipated domestic needs in 1990. The project would reduce imports of that commodity and lessen dependence for food products on foreign markets.

The bank also financed a project for the domestic and foreign marketing of dried lemons in order to provide producers with liquidity. Dried lemons are known for their high quality and are positioned well in world markets. This would protect the share of Omani lemons and consequently assure continuity of production and a fair return on exports, thus providing the state with foreign exchange.

Sa'd al-Junaybi added: The bank has recently financed a project, that could be considered new, for farming Rubyan fish to meet domestic needs and export the surplus of this commodity which is in demand worldwide.

Sa'd Ibn-Musa al-Junaybi, resuming his discussion of projects that have only recently come within bank credit priorities, says:

The bank played an important role in supporting the ministry of agriculture and fisheries by harnessing its technical and financial ability to supervise the implementation of the goat proliferation project in the northern sultanate. Those participating in the project were given soft bank loans in order to implement modern irrigation systems in accordance with bank technical specifications. This assures efficiency of operation at moderate cost and ensures proper use of available water resources. The systems will be implemented in areas set aside to produce for fodder for the goats distributed by the state. Modern irrigation systems are already operational in 600 feddans. The project is expected to provide quantities of domestically produced meat to help the development of domestic animal husbandry as well as the objective of food security.

The bank has also extended all kinds of ordinary credit throughout the sultanate. It continues to finance modern irrigation systems in newly established farms in order to conserve water resources and rationalize water use. These are the advantages of modern irrigation.

Sa'd Ibn-Musa al-Junaybi enumerates the advantages of modern irrigation encouraged by all bank loans. He says:

Among the significant advantages of modern irrigation systems are:

- Water conservation, which is necessary for agriculture and is the most important natural resource
- Reduced man-hours
- Conservation of energy and fuel by reducing the duration of daily pumping
- Ability to supply plants with exact water needs at the right time. This increases farm productivity and facilitates fertilization by dissolving fertilizers in irrigation water
- Reduction of weeds and of contamination with pests and diseases
- Easier farm operations such as land preparation etc.
- Ideal use of irrigation water by taking it directly to the plant and avoiding waste due to leakage and evaporation
- Increase the size of irrigated acreage without longer pumping or increase in the volume of water used
- Ability to irrigate both level and unlevel terrain
- Protect plants against environmental stress caused by too little or too much water in the soil

The general director of the Oman Bank for Agriculture and Fisheries adds:

We shouldn't forget to mention here that of the total value of loans extended by the bank in 1988, 25 percent covered fishermen's needs for equipment and means of transportation. This has resulted in increased productivity and, consequently, in a higher standard of living for fishermen.

During the Year of Agriculture, and in order to offer better services and take them to customers wherever they may be, the bank has opened four branches in Khasab, al-Buraymi, Sanaw, and al-Rustaq. The bank was able to expand its network to 12 branches throughout the sultanate without imposing additional financial burdens to its annual budget. On the contrary, bank operating expenses were 2 percent less in the Year of Agriculture than in the previous year. This was accomplished by redeploying and reassigning its employees.

As to bank policies and operational parameters, Sa'd Ibn-Musa al-Junaybi, general director of the Oman Bank for Agriculture and Fisheries, says the bank operates within the framework of objectives outlined by Sultan Qabus' royal edicts and guidelines on developing agriculture and taking it to the forefront of Omani economic activity in order to assure food security and help diversify sources of revenue.

Bank policies are driven by the following principles which underlie its operations and accomplishments:

- The bank is a main bulwark of the country's comprehensive development
- Bolstering cooperation and coordination between the bank and the ministry of agriculture and fisheries in implementing agricultural and fisheries policy and in supporting and bolstering programs to develop harvests and prioritize the development of specific areas
- Establish close relations with the General Organization for Marketing Farm Products in order to encourage farmers to produce crops that are needed by the sultanate and could contribute to food security
- Bolster the bank's technical assistance to farmers and fishermen by developing its network of branches and increasing bank employees' productivity
- Orienting credit towards projects that serve the development of agriculture and fisheries within the framework of the country's comprehensive development plan and in cooperation with the ministry of agriculture and fisheries
- Expansion of bank activities by encouraging major projects in agriculture and fisheries
- Coordination with other organizations in order to benefit from their training programs and exchange credit expertise

The Oman Bank for Agriculture and Fisheries was created on 19 May 1981 by royal decree no. 50 for 1981 which established the bank as a specialized credit agency to finance agriculture and fisheries sectorial needs and provide the monetary liquidity needed to create specialized productivity projects and eventually provide investors in those two sectors with a suitable living and to eventually reduce the gap between production and consumption [passage omitted]

The Oman Bank for Agriculture and Fisheries was organized as an Omani stock company capitalized at 19 million Omani riyals subscribed by the Omani government, the Oman Chamber of Commerce and Industry, and the Oman Development Bank.

In recognition of the bank's increasing role and the importance of its objectives in the interest of development, the state is currently considering whether to raise its allowed capital to 20 million Omani riyals, an increase of one million riyals.

Sa'd Ibn-Musa al-Junaybi said the royal decree defined the bank's objectives as follows:

- Providing Omanis and Omani firms with short term, medium-term, and long-term credit in order to finance projects directly related to agriculture and fisheries
- Participation with concerned ministries in organizing the distribution of loans and grants allocated in annual budgets to the agriculture and fisheries sectors
- Contribute to the capitalization of, or commit to underwrite public subscriptions to, Omani firms

involved with projects in agriculture and fishing, such as animal husbandry and fisheries. The bank's obligations in this regard are not to exceed 20 percent of its net worth 4-Provide technical assistance, within the limits of its resources, to Omani individuals and firms that request it.

- Accepting from its clients demand and time deposits as well as all kinds of savings deposits.

The bank began its credit activity in April of 1982. Since then, and through the end of 1988, it has extended some 7,000 loans worth more than 24 million Omani riyals. The loans cover all types of projects in agriculture and fisheries.

He added that in the period from 1982 to 1988, the bank extended 6,989 loans with aggregate value of 24.063 million Omani riyals. Following is a breakdown:

- 737 loans, valued at 8.883 million riyals, for the creation of modern farms
- 774 loans, valued at 5.602 million riyals, to develop existing farms
- 4,453 loans, worth 3.145 million riyals, for the purchase of farm machinery and other equipment
- 15 loans, valued at 3.136 million riyals, to finance major projects
- 296 loans worth 733,000 riyals for goat development and proliferation projects
- 112 loans valued at 701,000 Omani riyals for the purchase of fish transporting and marketing equipment
- 597 loans worth 1.172 million riyals for the purchase of fishing equipment
- 5 loans valued at 691,000 riyals to finance major fish projects

Sa'd Ibn-Musa al-Junaybi added that the bank is currently involved in Omanizing its workforce and has been able to raise the ratio of its Omani employees from 67.5 percent when it began operations to 72 percent by the time the first Year of Agriculture ended. The bank additionally provides its Omani employees with several training opportunities in order to improve their efficiency and raise their standards of operation. It has also sent some of its employees on informational tours to familiarize them various aspects of agricultural credit and with opportunities to learn from the expertise and experiences of credit institutions in sister nations and other friendly countries.

### Secondary Road Links Planned

44000560 London MEED in English 26 May 89 p 36

[Text] The Communications Ministry has announced plans for a substantial increase in road construction next year, concentrating on a secondary system of rural link roads now that the main network between regions is nearing completion.

The ministry's plans envisage building 279 kilometers or roads in 1990, at an estimated cost of RO 18 million-20

million (\$47 million-52 million). This compares with RO 13 million (\$34 million) budgeted for this year and RO 9.2 million (\$24 million) spent in 1988.

Two projects coming under the 1990 budget are due to be tendered by the end of May, the ministry says. The first is 24 kilometers of link roads in Nizwa, Manah and Adam, designed by Italconsult of Italy and worth around RO 2.5 million (\$6.5 million). The other is 56 kilometers of roads in the villages of al-Qabil, Ibra and Biddayah, in al-Sharqiyah region, designed by R Travers Morgan (Oman), the local affiliate of the UK's Travers Morgan International. It is budgeted at RO 4.5 million (\$12 million). Bids are also being invited for a consultancy contract to design nine kilometers of road in Izki, in the Interior region. The total cost is estimated at RO 1.5 million (\$3.9 million).

The other main projects planned for next year are:

- Eastern region—link roads from the main highway to Wadi Sal, Wadi Bani Khalid and Al-Zahir (35 kilometers); a road from Sur al-'Aysh (13 kilometers) and a link between al-Kamil and Falaj al-Mashayih (10 kilometers).
- Interior region—roads linking Najadat to Sayma' (17 kilometers) and Bisyah to Marmurah (14 kilometers).
- Dhahira province—a 20-kilometer road from Yanqul to Murri.

Nearly all construction contracts for this year have now been let and work is under way. The main schemes are:

- Seventy-four kilometers of link roads in the Batinah coast villages of Suwayq, Musannah, al-Khaburah and Saham, being built by Athens-based, Lebanese-owned Consolidated Contractors Company (CCC). The work is valued at RO 4.7 million (\$12.2 million).
- Internal roads in Buraymi and a link from the town to Mahadah, totalling 42 kilometers. The work is being done by the UK/local Wimpey Alawi in a RO 3.8 million (\$10 million) contract.
- A 19-kilometers road from Rustaq to Khafdi, being built by CCC at a cost of RO 1.7 million (\$4.4 million).
- Internal roads in Sumayl, in the interior region, totalling 18 kilometers, being built by the local General Enterprises Company in a RO 1.5 million (\$3.9 million) contract.

### SAUDI ARABIA

#### Al-Yamamah Project Developments Cited

44000544 Jeddah ARAB NEWS in English

1 Jun 89 p 16

[Article by Francis McKenna]

[Text] Jeddah, May 31—"We now have the experience to bring this dream to realization." These words, spoken by Prince Fahd Ibn-'Abdallah, coupled with the official

announcement that the first formal presentation of two offset projects was made last week to the Saudi side, were the highlights of the official Saudi launch of the ambitious al-Yamamah offset program which is anticipated to stimulate at least a billion pounds worth of British investment over coming years.

First expressions of serious interest have come from British Aerospace and Dowty. These companies are interested in participating in the construction of a missile engineering facility. British Aerospace is also seeking involvement in the Alujayn, aluminum smelter project slated for Yanbu'.

The Saudi launch comes during the 4th Saudi Businessmen's Conference, exactly four months to the day after Britain's offset launch in London. A satellite link-up with London brought Sir Colin Chandler, chairman of the British al-Yamamah Offset Committee, into the inaugural evening. He is assisting British Prime Minister Margaret Thatcher in her talks with Prince Sultan, second deputy premier and minister of defense and aviation, who is on an official visit to Britain.

Noting that five companies have been set up and awarded commercial registration under the U.S. Peace Shield offset program, Prince Fahd added that a site near King Khalid International Airport, Riyadh, is now being readied for hi-tech electronic and industrial developments.

Leading the official British party of 57, Ambassador Sir Stephen Egerton noted that al-Yamamah covers "both defense and civil sector business opportunities." Reminding the large audience of the longstanding and growing links between the two countries, Egerton said: "It is through the extension of our trading partnerships that we shall build for the future."

Noting that Britain "has been for two years now the Kingdom's third largest trading partner," he continued, "Saudi exports to Britain also increased by over 70 percent in 1988, and are still on a rising trend."

Citing SABIC as an example of Saudi industrial success, Egerton noted that Saudi "non-oil exports totalled about SR4 billion in 1984. In 1988, that figure was over SR13 billion."

Dr 'Abd-al-Rahman al-Zamil, deputy minister of commerce, spoke of U.S. Peace Shield offset project involvement in contracts awarded by the Ministries of Defense and Interior adding that he expected similar al-Yamamah offset success stories in the future. He noted that the government of the Kingdom awards priority to offset companies but will not accept inferior products.

David Douglas Home, chairman of the British Committee for Middle East Trade (COMET), pledged his organization's full support.

Colin J. Craig, from Schroder Asseily & Co. Ltd., financial advisers to the British Offset Committee, announced that a sectoral analysis study had identified hi-tech

undertakings, secondary downstream petrochemicals, pharmaceuticals and medical products, the processing of agricultural products and food manufacture, as sectors where a base exists for developing new joint ventures.

Samir al-Fayiz, president of Advanced Electronic Co. from Riyadh, which was set up under the U.S. Peace Shield scheme, emphasized that AEC has already won three major contracts worth nearly SR45 million. He said: "Make sure the project is feasible; think big; be flexible; adopt a 'can do' attitude."

Concluding the formal speeches, Prince Fahd said: "I hope that some light has now been thrown on the al-Yamamah Offset Program." He urged all visiting British businessmen to meet their Saudi counterparts to get a feel of how business is conducted in the Kingdom.

## UNITED ARAB EMIRATES

### Report Provides Abu Dhabi Demographic Statistics

44000542 *Dubayy GULF NEWS in English*  
27 May 89 p 4

[Article by Muhammad 'Uthman: "On the Corniche"]

[Excerpt] The population of the Abu Dhabi emirate is expected to reach 818,500 by next year, according to estimates shown in report just released.

The demography section of the statistical yearbook of Abu Dhabi planning department predicts that the population will increase from 768,833 this year to 818,592 next year.

According to the estimates shown in the book the female population in the emirate will be 242,360 by next year compared with 227,411 this year, while the male population will be 576,232 next year against 541,422 this year.

The report on the population estimate by sex in Abu Dhabi shows a sharp rise in the number of females in the last five years. The figure which stood at 176,040 in 1985 jumped to 213,023 in 1988 and is expected to rise next year.

Although the statistics book does not give any explanation for the rise it might be attributed to the drop in rent.

Prior to 1985 it was very difficult for the majority of private sector and government employees to bring their families to the country due to the high cost of housing.

But starting from 1985 the rents started dropping and many could afford flats or sharing accommodation beside the government scheme of providing accommodation for most of its employees.

The estimate figures of the population show a proportional increase in the figures between 1985 and 1987.



They show an increase of about 30,000 people annually during this period. The estimates were 621,302 in 1985, 651,489 in 1986 and 683,311 in 1987.

The rate of increase went up to about 40,000 from 1987 to 1988 and according to the department's prediction the number will be about 50,000 this year.

This can be attributed to the economic situation in the emirate. During the first three years the country was going through recession which slightly affected Abu Dhabi too as government projects were largely confined to infrastructural development while the expenditure was almost on the same level with a slight drop.

But as the country started coming out of the recession since the last year the improving economic climate needed more labor which justified a sharp rise in the population in the last two years.

The male population in the emirate was increasing steadily from 1985 to 1988.

Since the rents are going up again creating a similar situation which existed prior to 1985, most of the private and government employees will be facing difficult times in keeping their families here.

The rising cost of living will too lead to a drop in population next year if the trends continue.

## AFGHANISTAN

### Rebel Commanders Discuss War, Political Differences

#### Haqqani on Party In-Fighting

46040011 Kuwait AL-MUJTAMA' in Arabic  
16 May 89 pp 32-35

[Interview With Shaykh Jalaluddin Haqqani, Afghan Mujahidun Leader, by Basil Muhammad; "Shaykh Jalaluddin Haqqani to AL-MUJTAMA': I Support Dissolving Parties and Joining Mujahidin Government"; date, place not given; first two paragraphs are AL-MUJTAMA' introduction]

[Text] Shaykh Jalaluddin Haqqani, a prominent field commander and an extraordinary ulema and struggler, is the man of the hour in Afghanistan, and only men stand fast in such a time. The political arena is getting complicated, the pressures of those waiting to pounce are multiplying, the arena of struggle is expanding, and the reconstruction battle tops the urgent priorities. The unique man makes sacrifices and efforts at every level. The success God granted the Mujahidin Consultative Council meetings in selecting the head of state and the prime minister adds bright pages to Haqqani's noble actions and enriches the blessed experience the Afghans have written with their noble blood, making it a school for all generations throughout the Islamic lands.

We have interviewed Shaykh Jalal who was immediately selected chairman of the committee to draft the Mujahidin government's powers. Through him, we have documented the details of the council's historic sessions and of the sincere movements made by the reconciliation committee he heads—a committee which has attracted the interest of the entire world and to which the hopes of the jihad and the hearts of the Mujahidin and of those who love them are attached. Let us get to the details of the interview:

[AL-MUJTAMA'] As much interest as last February's Mujahidin consultative meetings attracted from observers and people concerned, there was much absence of daily details on those meetings for the readers, particularly in the Arab area. Would you, Shaykh Jalal, tell us about what you witnessed in those meetings and about the role you played in your capacity as chairman of the Reconciliation and Arbitration Committee?

[Haqqani] It is well known that the effort to form a Mujahidin government began in the days of Martyr Zia'ul Haqq in preparation for the downfall of the communist government in Kabul. The people concerned in the Mujahidin parties worked tirelessly in this regard until they agreed to proclaim Ahmad Shah's government. They decided to present this government to the Consultative Council to either approve it or propose another. Agreement on the position of head of state was reached by forming the Leadership Consultative Council of seven members who are the leaders of the seven

[Afghan] parties, among whom the presidency is rotated alternately every 3 months. The president is the council spokesman and the council is tantamount to the state's supreme command. It is as if the council is the state representative. It was decided to invite 70 percent [as published] of the leaders and ulema in Afghanistan, in addition to a number of emigrants in Pakistan, Saudi Arabia, or the western countries, so that all these 500 people may meet to form a temporary consultative council by appointment, not election, and so that the government formed may be presented to them to be approved or replaced.

This council met in the Pilgrims Town in Islamabad on 10 February after all the members had arrived. But I was not present during the first day of council meetings.

[AL-MUJTAMA'] You were a Consultative Council member, of course?

[Haqqani] Yes. For nearly 11 days, the council was preoccupied with this issue. They presented this government to us orally and told us: Your only task is to either approve or oppose. You have no other task and no other reason to stay. In view of this, some leading ulema expressed, through the time allotted each individual to deliver his address, their strong rejection of this logic and threatened that unless the leaders truly unified the leadership in this phase, the ulema would oppose and fight them, withdraw their trust, and form a government inside Afghanistan far from them. The Consultative Council also objected to another point, saying: We do not approve the appointment of a government without the appointment of a head of state. Duty dictates that the head of state be appointed first so that the prime minister, his cabinet, and his ministers may be appointed afterwards. In the face of this firm position, the leaders found themselves compelled to offer a solution. They agreed among themselves to nominate Muhammad Beni Muhammadi to the position of head of state after Sebghatullah Mujaddedi had ceded the 2 remaining months of his periodic presidency, and Sayyaf had ceded the next 3 months of his presidency, to Muhammadi, in addition to the 3 months to which Muhammadi is automatically entitled; thus Muhammadi's chairmanship of the leadership council or position of head of state was extended to 8 months. The seven leaders thought that they had thus met the Consultative Council's demand. They promised to present on the following day (19 February) the cabinet of Ahmad Shah to the council for a vote of confidence.

### Protest Against Ahmad Shah and Cabinet of Women

Before the following day arrived, it was announced on radio that Muhammadi had actually become the head of state and Ahmad Shah the prime minister! This announcement was made by Shaykh Sayyaf and by Muhammadi's followers. Gaylani, Mujaddedi, and Rabani were angered because the announcement was in violation of the agreement. These three leaders refrained from attending the council meetings in protest of this

action. I went to them personally and urged them to return. We returned only to be surprised by the formation of a Ministry of Women's Affairs. This step provoked a broad controversy and motivated numerous ulema and leaders to leave the council in protest. That night's efforts and the efforts made on the following day did not succeed in bringing them back or in convening the council.

[AL-MUJTAMA'] Had the issue of the eight-member Shi'ite alliance's participation been settled at the time?

[Haqqani] This issue had started before Muhammadi's appointment and before Ahmad Shah's cabinet was presented. When Mujaddedi returned from Iran and agreed to the allocation of 100 seats for the Shi'ites in the Consultative Council, the Leadership Consultative Council rejected this agreement. This angered Mujaddedi, who boycotted the meetings on 2 successive days. After we went to Mujaddedi and talked to him at length, he agreed to turn this issue to the Consultative Council so that it could form a committee to examine the matter. This committee was formed of 14 members, including myself as chairman. After debate and deliberation, we found that the 60 seats the council had allocated the Shi'ites were more than they deserved, not to mention allocating them more seats. The first mistake was made when the 60 seats were approved; the bigger mistake was made when they were promised 100 seats. But the mistake was made in goodwill so that the Shi'ites might not fall into the hands of the Russians who would use them against us. It was decided that they should be granted this so that when the government is formed and the leadership is unified, the Shi'ites would not get more than they deserve. This was the intention. But the council did not agree to this decision. So the committee offered 5 more seats, in addition to the 60, as a compromise. When Mujaddedi insisted on the 100 seats, as he had promised them, he was asked to offer 5 more seats from his share—a share which amounts to 60 seats per organization—thus increasing the number to 70; but he rejected this demand. We asked him: How can 40 seats be given at the expense of the other organizations when you will not give up 5 seats from your share? He answered: My followers do not agree to this.

#### Imaginary Organizations and Vorontsov's Deceit

We had lengthy meetings with the Shi'ite representatives and finally asked them: By what right and what criteria are you demanding this number of seats? Is it by the criterion of struggle? They said: No. Is it by the criterion of population numbers? They said: No. Is it by the criterion of districts, provinces, and governorates? They said: No. I asked them: Did the government of [King] Zaher Shah and Da'ud [Dawud] give you more than we have and were they fair and are we unfair? They said: No, in Zaher Shah's government we had 14 out of 360 seats. We said: And now in addition to the 60 seats allocated to the Shi'ites, 11 seats are divided among the 7 parties whose leaderships have participated in the

struggle and who have not gone to Iran or taken weapons from anybody other than the party organizations to which they belong.

[AL-MUJTAMA'] And which parties are these?

[Haqqani] Gaylani, Rabbani and Mujaddedi and, I believe, one seat held by Sayyaf.

[AL-MUJTAMA'] And what was their answer?

[Haqqani] They said: We are eight organizations which have merged in two organizations. You are seven organizations, each of which has 60 seats. According to this calculation, we should have 120 seats. We told them: Your organizations are not official. They are not known and they do not have representation in other countries. These organizations about which you talk do not have an official status even in Iran, not even among yourselves. To this moment, you have not claimed that a single one of your representatives has gone to the conferences of Islamic foreign ministers or Islamic leaders in al-Ta'if, in Islamabad, or in Kuwait. Only when Vorontsov came to you and showed interest in you, solely for the purpose of deceit and of dividing the Muslims, did you view yourselves as he viewed you. Prior to that, you had no official status. I personally told them: In Paktia alone, we have 45 fronts and I would not consider your eight organizations the equal of 8 of these fronts. Your organizations are like small fronts. Moreover, I have in a single organization more war spoils, hospitals, radios, and administration than you have in your eight organizations. Ultimately, they had no answer and they retreated without any argument. We left them alone and decided that our agreement and our unity are more important than anything else.

#### Eighty-Member Committee

[AL-MUJTAMA'] Let us return to the Consultative Council's daily proceedings. How did matters go afterwards?

[Haqqani] After the objection expressed to Muhammadi's nomination, a number of us leaders and ulema met, consulted with each other, and decided that 10 leaders and ulema from each organization and representatives of the small organizations, such as Nasrallah Mansur, Qadi Amin, and Mo'azen, in addition to a representative of each of the Shi'ite organizations, thus bringing the total number to 80, would meet and go to the leaders and demand that they either unite among themselves or entrust us with the matter.

[AL-MUJTAMA'] Who originated this call?

[Haqqani] I was the one to present it first. This is why when the leaders summoned us on the following morning, the 80 brothers appointed me their spokesman and agreed to approve everything I said, demanded, and decided. I addressed the leaders eloquently and movingly, bringing tears to the eyes of some of them and of most of those participating in the council. I reminded

them of their 11-year struggle and of the killed, the orphaned, and the widowed, of their steadfastness and of how, under their leadership, the Russians were ultimately defeated. I told them: If the leadership does not unite at this critical time and if your division crumples these victories and wastes this blood, then your leadership will turn from a source of pride to a curse, a stab, and a sin. Concluding, I said: These people have come as representatives of the Consultative Council. All the council members expressed the wish to come and express this notion to you. But the lack of time brought the 80 of us in front of you on their behalf and here we are demanding two things on behalf of everybody. This demand is not a request, because requesting has brought us nothing in recent days. Therefore, we demand as a verdict and a decision that either the leadership unite in 24 hours or you empower the Consultative Council fully and openly to decide what it sees fit.

[AL-MUJTAMA'] And what was the answer?

[Haqqani] Muhammad Nebi Muhammadi said: The seven of us will meet and consult among ourselves in another room and then give you the answer. But Sayyaf stood and said: On my part, I say that we should entrust you with the matter. I acknowledge that we are unable to end this issue by ourselves. Mujaddedi and Sebghatullah [as published] then readjusted their seating positions and entrusted us with the matter orally. When they finished, I said to them: We have listened to your authorization gratefully. But we hope, moreover, that you will write an explicit authorization letter that allows no doubt or suspicion, that you will sign it, and that you will then present it to us. They did, in fact, go and write this letter. After reading it, they presented it to us as an authorization to the entire Consultative Council, not just to this committee. We went back to the council, explained what we had achieved, and made it clear to the members that participation by the 500 members will not be beneficial and will not lead to ending the issue. We asked each organization to authorize two of its members to represent it. The council agreed and the authorization was put in writing by each organization's members and leader. A 14-member committee was then formed. After the committee chairman was appointed, we got a pledge from the committee members that: they would distance themselves from their organizations throughout the duration of the committee's work; that they would make their efforts independently of any other relationship; that, when the final decision is made, they would not let the objection of any of the seven leaders influence the committee decision; and that a party representative in the committee may acknowledge that he may have made a mistake but that they would in no case retreat from this decision. We also agreed not to divulge the committee's secrets until the issue is settled.

[AL-MUJTAMA'] And then?

[Haqqani] To preserve the confidentiality and neutrality of the committee proceedings, we then asked the Pakistani Government to provide us with a place isolated

from Rawalpindi where the committee can meet—a place which nobody enters, where there is a single telephone which I control and a single car which I control and two Pakistanis to serve us, prepare the food, and buy necessities. The government did actually provide us with such a place, a place where Bhutto's followers were imprisoned during Zia'ul Haqq's days. For 2 full nights and a day, we isolated ourselves from the world in that place and settled the issue, thanks be to God, may He be praised and exalted. We came back to the Consultative Council, locked its doors, and did not allow the presence of any nonmember.

### Five Hundred

On that day, 27 February, there were 457 members, the others having departed. We locked the doors on ourselves and asked Pakistan to post Afghan Mujahidin to guard us, as in past days. Using a loudspeaker, I presented the solution and asked for a vote on it as presented. Everybody, including the leaders, raised their hands in approval. The committee's decision stipulated that every member be called by name. The member would then come forth with his identification and be given a ballot containing the pictures of the seven leaders, with a circle under each picture containing the organization's name. The member would be entitled to cast two votes, one of which would often go to the member's organization or leader, and the other to one of the other six leaders. We made it clear that casting two votes for one circle would nullify one of the votes, that two votes cast [by the same member] for three organizations would nullify both votes, and that a vote written between two circles would also be null. Each voter had to write his name and his identity card number [on the ballot] and seven members had to sign on the back of his ballot to prevent any forgery or error. Ultimately, the voter had to go into a small room to select two candidates and then insert his ballot in a sealed box in front of the people. After the voting was completed and everybody on the council voted, all 14 members of the committee counted the votes and wrote down the results. We then summoned the Consultative Council on the evening of Thursday, 23 February, and announced the results to the members in the manner known to everybody. After the Friday prayers on the following day, we called a press conference which was attended by Arab brothers and by other guests and announced to them the cabinet structure in the presence of the seven leaders. Sebghatullah Mujaddedi, who was elected head of state, delivered an address which was translated into English. The session was concluded with supplication to God Who, may He be praised, crowned our meetings with success.

### Why Did You Reject Cabinet Post?

[AL-MUJTAMA'] According to the Consultative Council conclusion, Shaykh Yunis Khalis got three cabinet posts. Why didn't Shaykh Jalal Haqqani get any of these

posts, considering that he is one of the most prominent leaders of the Islamic Party which is headed by Shaykh Khalis?

[Haqqani] The fact is that Shaykh Yunis Khalis did make me such an offer, and so did a number of other leaders, such as Hikmatyar, Shaykh Sayyaf, and most of the Reconciliation Committee. I said at the time that our job is to continue the fight in Afghanistan, not in cabinet posts. So I turned down the offer.

[AL-MUJTAMA'] Shaykh Yunis Khalis has declared that he is prepared to dissolve the party and to hand over all his weapons and possessions to the Mujahidin government. What is your opinion?

[Haqqani] By God, I am in favor of this and I see it as the best and most proper thing to be done by every leader and organization. With the establishment of the government, there is no meaning for the continued presence of the parties and for division among the Muslims.

[AL-MUJTAMA'] Why have Pakistan and the other Islamic countries delayed in recognizing the Mujahidin government and why is it that Saudi Arabia, Sudan, and Bahrain are the only countries that have recognized it so far?

[Haqqani] It is obvious that this depends on them, not us. This question should be addressed to these countries, not to us. We still hope that the Islamic world will crystallize and assimilate the notion of brotherhood and will not delay in making the decision.

#### United States and Conditional Recognition

[AL-MUJTAMA'] How do you interpret the terms set by the United States as a precondition for recognizing the Mujahidin government when many expected the United States to be among the first countries to give this recognition?

[Haqqani] We are not concerned with or interested in what conditions the United States or others pose because the Mujahidin government has been established only to tend Afghanistan's interest, to please God, and to support the Afghan people. It is my belief that if the United States is among the last to recognize this government, it would be better for us and would serve our interests, making the United States as outwardly remote from the Afghan struggle as it is remote from it in truth.

[AL-MUJTAMA'] Do you think that the demand by some U.S. officials for taking back the Stinger missiles supplied by their administration to the Mujahidin is tantamount to some pressure on you in this phase?

[Haqqani] I don't think that the United States will make such a demand because it knows that the Mujahidin did not get these missiles directly from it in order that it may take them back. This administration knows that the Mujahidin have the Stingers in their fronts inside

Afghanistan. Nobody, whether from Pakistan, the United States or elsewhere, can interfere in the fronts' affairs.

[AL-MUJTAMA'] Generally, how do you view the future relationship with the United States and do you think that such a position will affect your weapon supplies?

[Haqqani] Throughout the past 11 years of struggle, the United States has had no direct dealings with the Mujahidin and it has had no distinguished position or special relationship with the Mujahidin. Therefore, the Mujahidin government's relations with the United States will not be different from its relations with other countries. All these relations will be founded on the basis of these countries' position toward Afghanistan and the Mujahidin government.

#### Exposed Explosions by Lackeys

[AL-MUJTAMA'] The Kabul government has reiterated its charge that Pakistani forces are taking part with the Mujahidin in the war against it. Afghan television has shown two Pakistanis, whom it alleged are two military men captured inside Afghanistan while assisting the Mujahidin. How true are these charges?

[Haqqani] Since the start of the struggle, we have gotten accustomed to the accusation that Pakistan, Saudi Arabia, Iran, the United States, the western countries, China are participating in the fight on the Mujahidin's side. This accusation is an attempt on the Soviets' part to justify their defeat before the Mujahidin who do not possess expertise, organization, or weapons equaling those of the Soviets. Since the Soviet forces' withdrawal, the Kabul regime has been using the same logic to justify the accelerating defeats and the successive surrenders of its forces before the Mujahidin. As for Kabul television's allegation that two members of the Pakistani forces have been captured, it is an "open lie." Everybody knows that Russia's agents in Pakistan are not few in number and that Wali Khan's faction and Benazir's followers frequented Kabul throughout the days of Martyr Zia'ul Haqq's administration to get money, mines, and explosives and take them back to Pakistan to blow up shops and buses and kill innocent Afghan emigrants and Pakistani citizens in order to put pressure on the Pakistani Government so that it might stop supporting the struggle and harboring the emigrants. Now that Benazir has gained control of the government, it is no longer in the interest of these people to stage explosions in Pakistan. So they have started staging them elsewhere.

[AL-MUJTAMA'] Najib's government recently made an urgent request to the United Nations to set up inspection points on the borders with Pakistan to prevent the entry of Mujahidin. Do you think that it is possible to respond to this request and that such points would be effective?

[Haqqani] As for the Mujahidin's entry into their country from Pakistan, nobody can prevent or stop such entry because it is done through the tribal regions on the two

countries' borders. These tribes have been moving across the borders with utter freedom for hundreds of years. As for stationing UN forces to prevent the supply of weapons to the Mujahidin, the weapons that enter Afghanistan from the Soviet Union continue to flow in front of the world's eyes and ears. Najib's government does not hesitate to declare the delivery of these weapons and the news agencies do not hesitate to take pictures of the convoys of devastating weapons crossing the Russian borders to Kabul. If the United Nations is actually concerned with stopping the entry of weapons into Afghanistan, then it behooves it to turn its attention immediately to the crossing points from the Soviet Union to Afghanistan where a major task is awaiting it.

[AL-MUJTAMA'] Now that the Mujahidin are on the threshold of victory, God willing, observers believe that the reconstruction battle will be no less difficult than the liberation battle. What have you prepared for this forthcoming battle and how do you assess the role of the United Nations and of Sadruddin Agha Khan, the UN international coordinator, in this regard?

[Haqqani] This issue depends on the Mujahidin government. A special ministry of reconstruction has actually been set up under Rabbani. As for Agha Khan, we view him as no more than the agent of an organization which, like most other crusader organizations, does not serve the Afghan people's interest. With the creation of the Mujahidin government, there is no longer any justification for anybody to interfere in Afghanistan's affairs. As for those who wish to render real assistance, let them offer it through the Mujahidin government's official channels and under this government's supervision.

#### Struggle Procession Is Stronger Than Scud Missiles

[AL-MUJTAMA'] With the start of the Soviet withdrawal from Afghanistan, Scud missiles were introduced to hit the Mujahidin concentrations. What effect have these missiles had?

[Haqqani] Despite their extreme destructive powers, these missiles have not been effective, God be thanked for protecting the Mujahidin. In Paktia, they used nearly 60 of these missiles, 50 of which fell in the area of Khowst and 10 in the areas of 'Ali Kheyl and Chamkani. Yet I haven't heard that a single person was killed as a result of this shelling. These missiles are highly effective when used against cities where the ground is level and buildings are close to each other. In mountains and deserts, they are ineffective, God be thanked. In recent years, Russia has dropped millions of bombs, rockets, and missiles, some weighing a full ton each. Despite this, the struggle has not ended, the Mujahidin have triumphed, and the Russians have been defeated. The remains of these bombs have become spoils for Afghanistan's children who gather these remains and sell them to scrap metal dealers.

[AL-MUJTAMA'] To conclude, where will Afghanistan's blessed struggle procession go after full liberation, God willing?

[Haqqani] Everything in its time, God willing. The struggle will go on until the day of resurrection.

[AL-MUJTAMA'] May God reward you well and we implore Him to bring the Muslim Afghan people full victory on the Mujahidin's hands. God's peace, mercy, and blessings be upon you.

#### Rabbani on Regime, Shi'ites

46040011 Kuwait AL-MUJTAMA' in Arabic  
23 May 89 pp 16-17

[Interview With Mujahidin Leader Burhanuddin Rabbani by Ahmad Mansur: "Rabbani to AL-MUJTAMA': We Will not Negotiate With Lackey Regime"; date, place not given; first paragraph is AL-MUJTAMA' introduction]

[Text] Peshawar—Kuwait AL-WATAN's published interview with Najib, head of the Kabul regime, and with an official of the Afghan Communist Party, has had negative reverberations among the Muslims generally, not to mention the Islamists [Islamic fundamentalists]. Many people have asked: How is a paper published in an Islamic country that has played its role in supporting the Mujahidin and the emigrants throughout recent years allowed to defy the nation's sentiments and to dispatch a reporter to the lackey communist regime to praise this regime, to belittle the Mujahidin, and to accuse them of being lackeys? How is it that matters are allowed to reach the point of slighting some Mujahidin leaders, of characterizing them in a manner that does not befit their struggle and sacrifices, and of accusing Professor Burhanuddin Rabbani, the first to emigrate and declare the jihad, of having connections with the lackey regime, as an official of the Afghan Communist Party has alleged? As soon as Prof Rabbani arrived from Iran, where he headed a Mujahidin government delegation to discuss a number of issues, a reporter of AL-MUJTAMA' conducted the following interview with him:

[AL-MUJTAMA'] Esteemed professor, you have perhaps read what was published in Kuwait's AL-WATAN, quoting Najib and the deputy director of the foreign relations of Kabul's communist party. According to the latter, a number of leaders of the organizations, including yourself, have negotiated and are negotiating with the Kabul regime. Also according to this official, they will expose the cards if you do not continue on the path of negotiations. What is your comment on these statements?

[Rabbani] I am surprised by what AL-WATAN has published. I am also sorry that it ignored the truthful people and went to the false people to get its information, considering these people a reliable source and reiterating falsehood through them without verifying its information. Generally, what AL-WATAN has published is falsehood, prattle that does not merit a response or a comment. What the so-called Mohammed has said about the presence of relations between a number of Mujahidin leaders and the Kabul regime is the final

delusion and reeling. Mohammed's Soviet masters urged us to hold negotiations with them and capitulated to all our conditions. But we then terminated the negotiations when their trickery became obvious to us. We did this in front of the entire world. So what would make us seek negotiation with a lackey regime which has no entity and which, moreover, we are trying to eliminate and will, God willing, eliminate shortly? These are imaginary allegations with which they seek to get a greater chance of survival. If Mohammed has documents, as he claims, then let him show these documents so that they may be the umpire. But these are the base methods of communism and the final delusions.

[AL-MUJTAMA'] You have returned from a nearly 3-week visit to Iran. What were the objectives of this visit and what is its outcome?

[Rabbani] I headed a Mujahidin government delegation to Iran to coordinate with the eight-party alliance that is living there on Afghanistan's future. We met with them and discussed several issues, of which the most significant were their participation in the Mujahidin government and coordination of our political and military positions. We have, God be thanked, agreed on several points, namely:

- 1. To continue the struggle together until we topple the lackey government and establish the Islamic government on Afghanistan's soil.
- 2. To reject the so-called coalition government and to continue the struggle until it achieves its objectives.
- 3. To have elections and the Consultative Council as the basis of the permanent government. They have agreed to enter the elections and to have a delegation from among them to participate in the election committee.
- 4. To end any propaganda campaigns seeking to sow division among the sons of the one people or to reflect any sectarian differences.
- 5. To send their delegation to Peshawar in the next few days to sign all the agreements pertaining to the government and to their representation and role and defining all the future cadres generally. These are the most significant results of my visit to Iran.

[AL-MUJTAMA'] Have you agreed on specific articles concerning the number of ministers who will take part in the cabinet on their behalf?

[Rabbani] It was possible to reach agreement. But we decided to define the general and broad lines. When they send their delegation to Peshawar, these matters will be determined with them, God willing.

[AL-MUJTAMA'] Immediately prior to your visit to Iran, the news agencies circulated a report to the effect that the eight parties in Iran had contacted the Kabul regime and agreed to form a coalition government among themselves. What was their response to these reports?

[Rabbani] This report and some statements made by the brothers in Peshawar were denied by the alliance members in Iran. They even protested them, saying: We are prepared to come to Peshawar and to have a fact-finding committee investigate the matter. They said: We will continue to be hostile to the Kabul government and to its lackey regime until we topple it. This is why one of the articles on which we agreed was to "continue the struggle until the Kabul regime is toppled and an Islamic government is established in Afghanistan."

[AL-MUJTAMA'] The leadership of the eight-member alliance was recently shifted from Karim Khalili, head of the Sazman Nasr Organization, to 'Ali Jan Zahidi, head of the Sabah Basdaran—the Revolutionary Guard—Organization. Did this shift lead to changing the alliance's policy in negotiating with you?

[Rabbani] I believe that this change is normal because their constitution calls for changing their official spokesman periodically. Karim Khalili had stayed in the position longer than stipulated. This change had no effect on and did not cause any change in the method or policy of negotiation.

[AL-MUJTAMA'] It is said that there are Afghan Shi'ite organizations other than the eight-member alliance which have a presence at home. Are you negotiating with these organizations also?

[Rabbani] Shura Ittifaq is also a Shi'ite party which has a presence at home. This party is headquartered in Pakistan and is the only [Shi'ite] party which attended the Consultative Council sessions. I have learned that the eight-member alliance in Iran asked this party to send a delegation to discuss with the alliance some issues that concern them. This delegation has actually gone and is now in Tehran.

[AL-MUJTAMA'] It is said that the Afghan emigrants in Iran, most of whom are Sunni Muslims, suffer from severe actions taken by the Iranian Government, especially in connection with health and educational affairs and with free movement in the cities. Have you made any efforts to improve the conditions of the Afghan emigrants in Iran?

[Rabbani] The Iranian Government has now lifted many of the restrictions imposed on the emigrants there and has allowed them freedom of movement and work. As for the issues concerning the establishment of schools, health units and other services, we discussed them with the Iranian officials who promised to eliminate these difficulties and to facilitate solving the problems faced by the emigrants there.

[AL-MUJTAMA'] In conclusion, what are the news of the Mujahidin in Herat which is one of the biggest Afghan cities?

[Rabbani] We hope that the Mujahidin in Herat will shortly launch an all-out offensive against the province capital and that they will liberate it, God willing. Perhaps

the general calm experienced by most of Afghanistan's provinces because of the snows and of the winter season is the calm that precedes the storm. We implore God to make it the storm that ends the lackey regime in Kabul.

## BANGLADESH

### Dhaka, Rangoon Sign Accords on Trade Expansion

46001500 Dhaka THE BANGLADESH OBSERVER  
in English 2 Jun 89 p 10

[Excerpt] Rangoon, June 1—Bangladesh and Burma signed two Memoranda of Understandings (MOUS), one on implementation and long term development of trade and industrial cooperation and another on border trade agreement at the end of the official level talks here today, says BSS.

Mr. Khorshed Alam, Secretary for Commerce, who led the four-member Bangladesh team, and Mr. Maung Manug Kyaw, Director General of the Ministry of Trade, signed the documents on behalf of their respective governments.

Besides, a counter purchase agreement valued at \$20 million each-way identifying different commodities for exchange was also concluded.

The general memorandum of understanding also covers joint ventures in proximate areas between the two neighbours based on respective resources and also the private sector participation in some extent enterprises. [passage omitted]

### Foreign Policy Discussed in Parliament Debate

46001506 Dhaka THE NEW NATION  
in English 15 Jun 89 pp 1, 8

[Text] Foreign Minister Anisul Islam Mahmud on Wednesday said Bangladesh's due share of the Ganges water was one of the main issues which were yet to be resolved with India, reports BSS.

Winding up the general discussions on the country's foreign policy in the Jatiya Sangsad in the evening sitting, the Foreign Minister said in 1974 Bangladesh and India through a joint declaration at the highest level had come to an understanding that arrangement would have to be made on the sharing of the Ganges water before the commissioning of the Farakka Barrage. This was done in consideration of acute scarcity of water during the dry season, related problems following construction of the Farakka Barrage in the upstream of Bangladesh, and unilateral withdrawal of the Ganges water, he added.

He said it was stated in the joint declaration that necessary steps would have to be taken to increase the flow of the Ganges water at Farakka because of the absence of flow of water in the Ganges to meet the full requirement of Bangladesh and that of the Calcutta Port

during the days of minimum flow. On April 18, 1975, a short-term agreement (valid for 40 days during the dry season of 1975) was concluded between Bangladesh and India on the water sharing on the eve of commissioning the Farakka Barrage and the water withdrawal canal on an experimental basis, he added.

### 1974 Declaration Violated

Mr. Anisul Islam Mahmud told the Jatiya Sangsad that there had been no agreement for sharing the Ganges water for the subsequent two years, that is 1976-1977. But in spite of this India kept the Farakka Barrage open in violation of the 1974 joint declaration. Consequently, two-thirds of south-west areas of Bangladesh faced various serious problems including salinity. Reactions on the natural atmosphere in that region were many. The economy of the region including agriculture and industry suffered heavily, he said.

The Foreign Minister said that the issue was discussed in the United Nations in 1976 and that India and Bangladesh became active for the solution of Farakka Barrage-related problems through bilateral discussions.

He said on November 1977 an agreement was signed between the two countries for sharing of the Ganges water and increasing its flow. Under this agreement arrangement was made for sharing the Ganges water during the dry season from January 1 to May 31 starting from 1978 to 1982. It was mentioned in the agreement that the Joint Rivers Commission would prepare necessary recommendations for increasing the flow of the Ganges water at Farakka after reviewing the proposals of the two sides, he added.

### CHT Issue

Referring to the Chittagong Hill Tracts [CHT] issue, the Foreign Minister informed the House that the government was maintaining contact with the Indian Government and taking all out efforts to bring back the genuine Bangladeshi tribals who had taken shelter in refugee camps in the Indian state of Tripura.

Mr. Mahmud listed various steps including the recent significant political initiative, of President Ershad to resolve the Hill Tracts issue.

He said out of 29,920 Bangladeshi nationals who took refuge in Tripura several thousand had already returned home voluntarily following the general amnesty declared by President Ershad.

### Commerce Minister Reports Increase in Export Earnings

46001502 Dhaka THE NEW NATION  
in English 7 Jun 89 p 8

[Text] Bangladesh has earned Taka 3343.90 crore by exporting various items during the first 10 months of the



current financial year as against Taka 3205.50 crore during the corresponding period of last year, reports BSS.

This was stated at the 51st meeting of Export Promotion Bureau's management committee held yesterday with Commerce Minister M. A. Sattar in the chair. The meeting reviewed the export performance of the current financial year.

Reviewing export performances, the Commerce Minister said, the export earnings of jute and jute goods amounted to Taka 999.49 crore while the export of other products earned Taka 2344.41 crore for the country. He said contribution of traditional items was Taka 1106.94 crore and non-traditional items contributed Tk 2236.96 crore in the export earnings.

The Commerce Minister directed the bureau to make all-out efforts for increasing export earnings from non-traditional items along with traditional items.

The meeting also held threadbare discussions on fixing the export targets for Bangladesh embassies abroad for the year 1989-90.

Commerce Secretary M. Khorshed Alam, vice chairman of Export Promotion Bureau Mushfiqur Rahman, representatives of different chambers of commerce and industry and concerned ministries attended the meeting.

#### **Planning Minister Holds Postbudget Press Conference**

46001507 Dhaka THE BANGLADESH OBSERVER  
in English 17 Jun 89 pp 1, 10

[Text] Planning Minister Air Vice Marshal (Rtd) A. K. Khondokar on Friday said that the Fourth Five-Year-Plan of the country would be launched in time by July next year. The third five-year-plan period concludes in June 1990.

Speaking at the post-budget press conference at the committee room inside the Jatiya Sangshad Bhavan the Planning Minister said that to provide a good foundation for the fourth five-year-plan the growth rate had been envisaged at 5.9 percent in 1989-90, the terminal year of the third five-year-plan. He added that if the target of 5.9 percent growth rate could be achieved in 1989-90 the average growth rate during the third five-year-plan would be 3.4 percent.

But this target is a remote possibility in view of the past experiences as not more than two percent growth rate could be achieved in 1988-89, three percent in the third year of the third five-year-plan, four percent in the first year and 4.4 percent, the highest, in the second year of the plan period.

The Planning Minister, however, clarified that the proposed 5.9 percent growth rate could be achieved if there was no flood and natural disaster, political stability could be ensured and the international economic climate

remained stable. When asked how far he and the Finance Minister were optimistic in achieving the growth target the Planning Minister replied philosophically, "the future is always uncertain."

The Planning Minister, however, admitted that the country's dependence on foreign aid was increasing. He disclosed that the aid dependence in 1988-89 was 91.3 percent and in the proposed budget for 1989-90 it was estimated at 87 percent. However, in the preceding years the aid dependence was around 80 percent.

Replying to a question the Planning Minister said Bangladesh received 22.5 billion dollars foreign aid since liberation, of which about 5.5 billion US dollar remained in the pipe line now due to slow utilisation of aid in the absence required matching fund. He acknowledged that the donor countries and agencies had made counter financing by mobilising local resources for utilisation of foreign aid in development activities.

#### **'Official Document' Reveals Growing Trade Gap** 46001508 Dhaka THE BANGLADESH OBSERVER in English 20 Jun 89 pp 1, 10

[Text] Bangladesh's trade deficit has been estimated at about two billion US dollars during the current fiscal year. Last year the deficit was 1,755 million dollars and the year before 1,546 million dollars.

An official document revealed that the total import during 1988-89 was 3,200 million US dollars against the export earning of 1,275 million dollars. The trade gap was partly plugged by 800 million dollars remittance earning from the overseas wage earners during the same period. The remaining 1,125 million dollars payment imbalance was paid from short, medium and long term borrowings from external sources. The import bill in 1987-88 was 2,986 million dollars. Bangladesh will have to pay 578 million US dollars in the current year for debt servicing. The country will have to pay 184.42 million dollars (87.6 million dollars interest and 136.8 million dollars principal) on short term loan and 394 million dollars on medium and long term loan. The debt servicing last year was 528 million US dollars.

The debt servicing constitutes about 45.36 percent of the total export earning. Under the normal practice 20 percent export earning for debt servicing is considered as saturation point.

Adding the remittance earning, the debt servicing percentage comes down to 23.13 percent which is also above the red mark. The economists are concerned due to increasing debt service every year with the increase in import bill. The sources in Finance Ministry said the pressure on debt servicing is mainly from the short term loans from the foreign private banks to foot the bill for emergency purchase.

The official document contradicted this stating that the country had the highest foreign exchange reserve this

year which was near about a billion dollars. The document notes that with this amount the country can meet three months' import need. The financial experts told this correspondent that they found no justification in short term bank borrowings with higher rate of when there is enough money in the Bangladesh bank's foreign exchange copper.

The total foreign aid in the form of loans and grants stood at slightly less than 25 billion dollars including the commitment for the next financial year. Out of this amount the country has spent so far about 17 billion dollars for buying food, essential and commercial merchandise and implementing different development projects.

Till now the country has seven billion US dollars loans and grants in the pipeline. Out of this about 5.8 billion dollars are project aid which remained unused due to shortage of local funds. The donors attach condition to mobilise a certain percentage of matching fund for disbursing the project aid.

The last Aid Club meeting in April reduced the matching fund requirement from 20 percent to 13 percent considering the resource constraints following the two successive floods in Bangladesh.

### **BNP Executive Meets, To Seek Opposition Cooperation**

46001511 Dhaka THE NEW NATION  
in English 2 Jun 89 pp 1, 8

[Excerpt] The Central Executive Committee of BNP [Bangladesh Nationalist Party] has expressed its firm determination to carry forward the movement for unseating the present Government and called upon all patriotic nationalist parties, alliances and professional organisations to forge unity to strengthen the one point movement.

The meeting, presided over by BNP chief Begum Khaleda Zia, also decided to gear up the activities of the party and the Seven-party Alliance and to contact and if possible, reach understanding with other democratic parties and alliances to ensure the victory of the on-going movement against the Government. The meeting empowered Begum Zia to work out effective understanding in order to forge a greater unity with other political forces.

The meeting observed that despite its efforts the present Government had failed to win the confidence of the people who were still firm to see a democratic government running the country.

The meeting held the view that there was no alternative to the one-point movement for realisation of political and economic demands of the people and as such removal of the present Government and holding of a free and fair election under the supervision of neutral interim government was imperative.

The meeting criticised the Government for its failure to solve the problems of unilateral withdrawal of waters of different rivers by India, Dahogram, Angorpota and Talpatty. The meeting also expressed strong resentment at the appeasement policy of the Government regarding solution of Chittagong hill tracks problem. [passage omitted]

### **Pro-Hasina Chhatra League Splits, Officers Elected**

46001504 Dhaka THE NEW NATION  
in English 10 Jun 89 pp 1, 9

[Text] The Awami League backed Chhatra League split formally yesterday, barely 24 hours after party high command endorsed the official committee on Thursday night when a rebel faction announced formation of a new committee headed by Sagir Anwar and Sarwar Jahan Badsha as President and General Secretary.

Sultan Mohammad Mansur, VP of DUCSU [Dhaka University Central Students Union], who headed the Chhatra League (S-R) until June 5 council meeting of the organisation, announced on behalf of Sheikh Hasina, the Awami League chief, the names of officials of the new committee at 3 a.m. on Thursday.

His announcement, resented by a strong faction enjoying the blessing of a section of Awami League leadership came after intensive negotiations and parleys had failed to organise the new committee choosing its leadership from among the two contesting blocs.

The subject committee entrusted with the task to elect the new officials had failed to reach any consensus despite pressures from Awami League high ups.

Finally Sheikh Hasina was entrusted with the job of electing the officials of the students wing of the party. She delegated Sultan Mohammad Mansur to announce her decision. Habibur Rahman Habib and Asim Kumar Ukil, said to be loyal to Amir Hossain Amu, Awami League Joint Secretary, headed the list of the new committee and endorsed by her as President and General Secretary.

But it created strong resentment among the supporters of Sagir Anwar, who is said to be backed by Awami League organising secretary Tofael Ahmed.

According to press release of the Chhatra League issued by Rashedur Rahman Morris, who had been elected as Office Secretary of the new committee yesterday said that the adjourned meeting of the subject committee formed at the council meeting resumed its session with Chairman of Council Preparatory Committee and Vice-President of Chhatra League Sagir Anwar yesterday.

Sagir Anwar and Sarwar Jahan Badsha were elected as the President and the General Secretary of 59-member national executive committee.

The meeting noted that the names of those printed in newspapers as President and General Secretary of the Chhatra League as 'fake and undemocratic.' Some people announced it defying the opinions and results of Subject Committee, it added.

In a resolution the meeting called upon all to show respect to the democratic norms by discarding undemocratic means and urged Sheikh Hasina to stay above all controversies.

In another resolution they urged the 'soldiers of Bangabandhu' to wage a relentless democratic movement and resolve to run the affairs of Chhatra League abiding by the constitution of the organisation.

It also resolved to implement the seven-point programme under Sheikh Hasina's leadership and the 10-points of CSAC [Central Students Action Committee].

In another resolution it expressed strong commitment to hold trial of the killers of 'Father of the Nation Bangabandhu' and his family members, Sheikh Fazlul Huq Moni, Abdur Rob Serniabat and others. It also demanded trial of the killers of Tajuddin Ahmed, Monsur Ali, Syed Nazrul Islam and Kamruzzaman in jail and reiterated their pledge to step up democratic movement to end authoritarianism.

#### **Deaths of Chakma Refugees in Tripura Camp Reported**

46001509 Dhaka THE BANGLADESH OBSERVER  
in English 22 Jun 89 p 1

[Text] Official accounts in Agartala say almost 3,000 Chakma refugees have died in a refugee camp in the Indian state of Tripura in the past three years, according to BBC on Wednesday.

In the previous week at least seven Chakma refugees died following increasing crowding and want of basic health care.

BBC correspondent who recently visited the camps reports from Delhi. The chief of the Purbat refugee camp Prabhakar Chakma told the BBC correspondent that the number of refugees had doubled in the past month.

Before the large scale exodus of refugees from Chittagong Hill Tracts began in May there were just more than 6,000 refugees in that camp. Their number has now swelled to over 14,000. Twenty new bamboo houses have been built to accommodate the refugees, despite that many of them have been living under the open sky.

The camp leader said each house was 100 feet long and 12 feet wide providing room to 80 refugees allowing a per head space of mere 15 square feet. Six out of 12 tubewells were in order and there were no lavatory in the camp. Many of the refugees are suffering from malaria and other enteric diseases.

There is a small hospital with two doctors and two houses and the local people also depend on this hospital.

Provakar Chakma said each adult refugee was provided with 400 grams of rice, 100 grams of pulse and some salt and edible oil. The children get half the amounts.

The refugees are not permitted to leave the camp.

In Agartala high ranking officials have acknowledged that the condition of the camp was bad. They think it is because of heavy exodus of refugees and monsoon rains. They say the construction of a new camp will soon be undertaken. Officials admit most deaths are caused by water-borne diseases in the camp.

#### **Special Camp To Be Set Up Against Sarbahara Party**

46001505 Dhaka THE BANGLADESH OBSERVER  
in English 14 Jun 89 p 3

[Text] A meeting of the Council Committee on law and order was held on Monday at the Cabinet Room of the Bangladesh Secretariat with Vice-President Justice A. K. M. Nurul Islam in the chair, reports BSS.

The meeting was informed that the law-enforcing agencies had set up special camps in the affected areas to conduct drives against the so-called Sarbahara Party indulging in crimes like murder, arson and loot.

It observed that certain crimes like kidnapping and wrongful confinement by gangsters to realise ransom and oppression of women also need to be specially dealt with.

It was decided that the law-enforcing agencies would gear up their activities to cure such crimes and criminals.

The meeting also resolved that the Cabinet Division and the ministries of Home and Law would take necessary steps to ensure more prompt dispensation of criminal justice.

The meeting was attended by Deputy Prime Minister-Charge of Ministry of Health and Family Planning Prof. M. A. Matin, Deputy Prime Minister in charge of Ministry of information and Political Adviser to the President, Kazi Zafar Ahmed, Home Minister Major General (Rtd.) Mahmudul Hasan, Jute Minister Mayeedul Islam, Education Minister Sheikh Shahidul Islam, Textile Minister Zafar Imam, Relief Minister Sirajul Hossain Khan, Works Minister Mostafa Jamal Haider and concerned high officials.

#### **Paper Reports Communist Statements on PRC, U.S.**

##### **U.S. Stand Protested**

46001501 Dhaka THE NEW NATION  
in English 11 Jun 89 pp 1, 8

[Text] The Communist Party of Bangladesh (CPB) has protested the US stand on the internal developments in China.

The Party Secretary General, Mr Saifuddin Manik, termed yesterday the economic measures announced by the USA and other western countries following the recent developments in China as being aimed at fishing in troubled waters.

Addressing a workers meeting in the city, Mr Manik criticised the hostile propaganda being carried out by the western nations on the situation in China. Certainly such a stand amounts to naked interference in the internal affairs of another country and can never be considered as congenial to democracy, he observed.

The CPB leader reminded the people that the USA did not care to show respect to the electoral verdict in 1970 in the then Pakistan.

Mr Manik criticised the government for its failures to solve the pressing socio-economic problems facing the people. The crisis in civic life has reached its peak now, he added.

Meanwhile, Mr Khalequzzaman, Convenor, Bangladesher Samajtantrik Dal, in a statement issued to the press yesterday observed that present crisis in China was due to deviations from socialism. He alleged that the imperialist forces were conspiring to undo the socialist system.

#### **PRC Army 'Ruthless'**

46001501 Dhaka THE NEW NATION  
in English 6 Jun 89 p 6

[Text] The Communist Party of Bangladesh (CPB) yesterday expressed shock and anger at the killing of students and people by the Chinese troops in Beijing on Sunday.

The CPB said the action by the Chinese Army was both ruthless and unwarranted.

Zia Parishad, Progotishil Manabatabadi Yokkajot, Oiko Pakriya, Biplobi Chhatra Dhara JSP [Jatiya Sramik Party] (Sultan Raja), Jano Shakti Party, Jano Sramik Shakti have in similar statement condemned the action against the students in Beijing.

#### **Papers Report on Parliament 15 Jun Budget Session**

##### **Finance Minister on Budget**

46001496 Dhaka THE NEW NATION  
in English 16 Jun 89 pp 2, 6, 7

[Speech by Finance Minister Dr Wahidul Haque at the Jatiya Sangsad on 15 June 1989; first paragraph is THE NEW NATION introduction]

[Text] Finance Minister Dr Wahidul Haque presented the proposed national budget for 1989-90 at the Jatiya Sangsad yesterday. The text of his budget speech is as follows:

Mr. Speaker, Sir,

I rise with your permission to place before Jatiya Sangshad [as published] the proposed budget for 1989-90 and the revised estimates as well as the supplementary budget for 1988-89. Before I start discussions on the budget, I take this opportunity to express my gratitude to the Honourable President who has shown his confidence in me by entrusting me with the responsibility for the fiscal management of the State.

2. Prior to the discussions, I express through you my deepest sympathy for those bereaved families who have lost their kith and kin in the natural disasters and numerous transport accidents and, regardless of caste and creed, pray for the peace of those departed souls.

3. The floods, which occurred during August-September, 1988, are the worst in the history of this country. At the instance of the Honourable President Hussain Muhammad Ershad the flood problem was placed in the Commonwealth Finance Ministers' Conference held in September, 1988 in Cyprus and international support was sought for the permanent solution of the problem. The international community responded to the appeal and in November, 1988, the United Nations held a special session on the flood situation in Bangladesh. The Honourable President addressed the United Nations on 16 November, 1988. The Honourable President also visited a number of countries for strengthening cooperative efforts for solution of the problem of recurrence of floods. The destructive effects of the flood—the worst natural disaster in living memory—extends to all aspects of the society and the economy. Assistance was required for immediate relief, extensive rehabilitation programmes and for establishing, on a long term basis, our capability to deal with such disasters. The most sensitive issue was how to ensure supply of food and maintain stable food prices during the floods and thereafter. Fortunately for us, the opening balance of the public food distribution system for this year was 14 lakh tons of foodgrains, which enabled us to maintain adequate food supply and stability of food price. The Government ensured adequate supply of food and food security with the food received as (a) aid and (b) import financed from our own resources. By the Grace of Allah, the worst consequences apprehended from the floods were averted by the sincere efforts of people's representatives, government functionaries at all levels and places and the spontaneous cooperation and courage of the people, working under the able leadership and guidance of the Honourable President. The members of the patriotic armed forces also participated equally in these efforts.

4. The Government undertook an exercise to assess the extent of damages caused by the floods and the needs for rehabilitation; the international community extended its assistance to the Government. It was apprehended that the loss of aus and aman crops would be about 25 lakh tons—roughly 15 percent of the foodgrains output target for the year—and the loss of jute would be

about 10 percent of the target output. Growth in the industries sector was likely to decline to 4 percent from the target of 7 percent set earlier. The small and medium industries suffered more than the others—and the textile sector, particularly the handloom sub-sector, was the worst hit. It became uncertain if growth of domestic product at 2 percent could be achieved. Industrial production suffered as a large number of plants and factories were submerged under water. Production of manufactured export goods slowed down and it was apprehended that export as a whole also would decline. On the other hand, outlay on food import has increased significantly. The balance of payments position came under pressure as a result of the asymmetric impact of the floods on export and import.

5. People in all walks of life suffered from the floods, but the most vulnerable were the poor and the small and marginal farmers. An agricultural rehabilitation programme at a cost of more than Taka 71 crores was undertaken for creation of rural employment, assistance to the small and marginal farmers for recovery of agricultural output, and related problems. The rehabilitation programme was implemented in three phases. In the first phase, assistance was provided to the small and marginal farmers for transplanted aman and fertilizer and seeds were distributed among them for the next rabi crops. Tubewells, pumps and pump houses were repaired for rehabilitation of the irrigation system. In the third phase, a scheme was undertaken to bring more than eleven lac acres of land under cultivation of boro paddy and wheat; to achieve this, seeds, saplings and fertilizer were distributed as grants to the small and marginal farmers. The rehabilitation programme was successful in recouping part of the loss, particularly the loss of foodgrains output. In spite of all these efforts, agricultural output declined by 0.43 percent relative to the output of 1987-88.

6. Agricultural crops suffered extensive damages from the floods last year and again this year; farmers' income declined; their ability to service debts shrunk and the cumulative effect was further deterioration of the agricultural credit recovery position. However, as in the previous year, the government granted some remission and relaxed conditions for loan repayment. Remission of penal and ordinary interest for crop loans, remission of ordinary interest up to 50 percent and of penal interest fully or partially (decided by the Board of Directors of the concerned banks on the merit of each case), rescheduling of repayment for longer periods, eligibility for getting new loans for purchase of irrigation equipment and draft animals even for those who had defaulted on repayment of two instalments and settlement of certificate cases out of court at the instance of the borrower, were among the accommodative facilities extended by the Government.

7. Before the country could recover from the shocks of the floods, the southern part suffered damages from cyclone and tidal bore. The districts which had remained free from the damages of the floods were the worse affected by the cyclone. Quickly thereafter came the

drought, also causing damage, as a result of which the northern part of the country experienced acute shortage of water and problems with regard to use of irrigation equipment. The southern region too faced shortage of water and increase in salinity level which also will badly affect agricultural output. On the whole, the drought will have an adverse effect on agriculture.

8. Agriculture accounts for 49 percent of the national income. A decline of output or a lower rate of growth of agriculture results in a lower rate of overall national income. For the current year the growth rate of national income was set at about 6 percent; on the basis of the most recent estimates, it is not likely that the rate of growth would be above 2 percent. During the first three years (1985-88) of the Third Five Year Plan, annual growth averaged 3.8 percent; the highest growth rate at 4.44 percent was achieved in 1986-87. For the first four years of the Third Five Year Plan, the growth rate estimated for this year would be the lowest. Agriculture sector experienced negative growth, which has been mentioned before. In respect of transport, communication, trade and services, social welfare and housing sectors, the growth rates estimated for the current year are lower than the average annual growth rates achieved during 1985-88. On the other hand, the estimated growth rates for industry, electricity and gas, and construction sectors are about the same as in the previous years or somewhat higher.

9. The disasters caused demand and supply shocks simultaneously. Maintenance of adequate supply and stable prices of daily necessities, particularly of food, was the most critical ingredient in the government's strategy to deal with the situation. This strategy had four important objectives: first, delivery of food to the poor and the affected common people and re-establish their food entitlement; second, generation of rural employment and improvement of income; third, to resuscitate and further develop agriculture and rural production systems through rehabilitation and construction of rural infrastructure; and fourth and most important, to ensure adequate supply of food and stable food prices. The allocations for Food For Works Programme (FFW), Test Relief and Vulnerable Group Development Programme (VGD) totalled 7 lakh tons of foodgrains in the original budget, which was increased to 14.62 lakh tons as proposed in the revised budget. In addition, 15 lakh tons of foodgrains have been distributed through the Public Food Distribution System. The poor are the main beneficiaries of the Food For Works Programme and the Vulnerable Group Development Programme. The expansion of these programmes after the floods is a manifestation of the government's policy directed towards poverty alleviation and rural development.

10. Food import was increased significantly in order to sustain the expanded food programmes. The original budget estimates provided for import of 18.50 lakh tons foodgrains including 16.50 lakh tons expected as aid and 2 lakh tons of import from our own resources. In the post-flood situation, it was estimated that 12.50 lakh

tons might have to be imported from our own resources. Adequate opening balance in government stock this year helped the Government in meeting the challenges after the floods and other natural disasters; the import programme for this year has been designed so as to ensure adequate opening balance in the next financial year. During the current year food aid has been reduced to 14.40 lakh tons. Estimates for domestic procurement of 5 lakh tons were included in the original budget; 3 lac tons have been procured till the end of May.

Mr. Speaker, Sir,

11. I would now like to discuss briefly the position of government receipts and savings. Increase of domestic resource mobilization and reduction of dependence on aid are among the major objectives of the government's policy for economic management. It is possible to achieve these goals through higher receipts from taxes and duties, elimination of losses of the public sector enterprises and generation of reasonable rates of return from investment made therein, reduction of consumption expenditures and increase in capital formation by the government, and raising the level of domestic savings. I would throw some light on our efforts, success and constraints in these regards.

12. During 1980-85—the period covered by Second Five Year Plan—receipts from taxes and duties increased at 12.50 percent annually on an average. During 1985-88 annual growth rate averaged 15.30 percent. If we include the estimated receipts of Tk. 4895.70 crores proposed in the revised budget of 1988-89, annual growth of receipts from taxes and duties would average 14.50 percent. Allowing for an average annual inflation of 10 percent for this period, receipts from taxes and duties did not show appreciable increase in real terms.

13. Receipt of non-tax revenue—e.g., forestry, registration, interest income of the Government, etc.—increased on an average by 51 percent during the Second Five Year Plan. If we include the estimated receipts of Tk. 926.48 crores proposed in the revised budget for 1988-89, annual growth of non-tax revenue during the period 1985-89 will average 44 percent. Adjusting for inflation, estimated average annual growth would exceed 30 percent. However large be the rate of increase of non-tax revenue, its weight in the total government receipts is far too small.

14. The rate of increase of revenue expenditure during the same period exceeded that of revenue receipt. On an average, government expenditure increased by more than 18 percent annually during the Second Five Year Plan. During 1985-88—i.e., the first three years of the Third Five Year Plan—growth of revenue expenditure on an average was slightly above 17 percent. Including the estimated expenditure of Tk. 6170 crores proposed for revised budget of 1988-89, annual rate of increase of revenue expenditure during 1985-89 would average 20 percent.

15. The trends of revenue receipts and revenue expenditure mentioned above would indicate some dissaving in the government sector. Various surveys and analyses indicate 6 percent as the rate of saving at the household level. According to the Household Expenditure Survey conducted in 1985-86, household savings declined from 11 percent in 1983-84 to 9 percent in 1985-86. On the other hand, national income accounts data indicate saving rates of 4-6 percent. Remittances by the Bangladeshis working abroad made significant contribution to national savings rates. The data mentioned above suggest that the rates of savings in the government and corporate sector are lower or negative. If we could avoid this situation and increase the rate of investment, domestic capacity for production would increase which would make possible the pursuit of a self-sustained path of growth. Therefore, it is necessary to strengthen our efforts to raise the level of investment by ensuring appropriate rate of return on savings and directing investment into sectors having the highest productivity rates.

Mr. Speaker, Sir,

16. Banks and financial institutions play a critical intermediation role in increasing the rate of domestic savings and mobilizing the same into investment in the appropriate sectors. The presence of certain conditions and conducive environment is necessary to allow them to perform this function. Financial institutions take deposits from those who save and must pay them an appropriate rate of return; hence the importance of a positive interest rate in ensuring effective intermediation by financial institutions. The financial institutions lend to others the deposits so mobilized—and marketing of loan is their business. They deserve an appropriate rate of return including risk premium. Lending rates are determined taking into account management expenditure, risk premium, appropriate rate of return, etc. Lending rates which do not cover costs based on the above elements result in losses of ever increasing magnitudes to the financial institutions.

17. The experience for the last few years shows continuous deterioration of the management capability of the banks, increase of outstanding amounts of loan and frequency of defaults. The magnitude of loan defaults has reached unbearable proportions. This situation prevails in the case of loan to agriculture sector as well as industries sector. The financial institutions cannot recycle loan unless recovery is sufficient. On the other hand, the need for credit expands along with growth and evolution of the economy. The lack of discipline in disbursement and recovery of loan creates an unviable situation. Refinance by the central bank to the lending institutions is an apparent easy way out of this situation; but this inevitably results in monetary expansion which eventually destabilizes the economy, arrests its growth and evolution, and becomes a constraint thereon.

18. Recovery of industrial loan is not satisfactory. As of June 30, 1988, outstanding loan recoverable from

large and medium size industries was estimated at 52 percent of the loan to the sector. During 1987-88 the Bangladesh Shilpa Bank recovered Tk. 66.72 crores only compared with a total outstanding amount of Tk. 347.62 crores—i.e. only 19 percent of the outstanding amount. The Bangladesh Shilpa Rin Sangstha allowed a series of relief during the last few years, but loan repayment has not improved as expected. Recovery of loan from small industries is not satisfactory, nor is the experience with regard to recovery of agricultural loan any better.

19. Improvement of the financial institutions along with establishment of credit discipline is a precondition for economic development of the nation, which is not possible without proper institutional and managerial capability, improvement of efficiency, and conducive environment. In order to achieve these objectives, efforts to reform the financial institutions need to be sustained. An efficient system of financial institutions can help mobilisation of domestic savings and augmentation of investment through effective intermediation. To make the nationalised commercial banks more dynamic and capable to serve better the people, the Government has set up a high level Task Force to make appropriate recommendations.

Mr. Speaker, Sir,

20. It will be in order here to make a few technical or theoretical comments on the use and role of money in the process of economic growth and evolution. Shallow and inadequate financial structure is a manifestation as well as a cause of underdevelopment. As the economy grows, the financial system deepens and monetisation expands; financial deepening and expansion of monetisation induced by policy and produce a favourable impact on the process of economic growth and evolution.

21. Capital moves in three circuits, depending on the stage of economic evolution. In the first circuit money acts as a self-contained capital. For example, money lent at a high or usurious rate of interest gives a high rate of profit to the lender but does not contribute to increase of productivity or creation of surplus value. In the second circuit, money is used as commercial capital; money used in commerce or commodity exchange produces relatively high rate of return to the owner. In this circuit also generation of surplus value is impossible. In the third circuit—which, in a broad sense, appears in the stage of industrialisation—money is used for investment or real capital formation. Money is used for employment of labour power and purchase of means of production; in this process surplus output (value) is created for the purpose of capital accumulation. We are now in the stage of economic evolution in which the role of the third circuit is limited and commercial capital predominates. For progress along the third circuit—i.e. for economic growth and industrialisation of the country—it is necessary that productivity of labour and capital goods be raised and financial capital directed progressively into real investment in the productive sectors. In this process

interest rate is not a constraint on investment as generation of surplus value or value addition through improved productivity and exchange is higher. Exceptions to this normative process are those cases in which productivity is low or negative. In the language of neo-classical economics, investment in such activities leads to inefficient allocation and use of scarce resources in activities having low productivity which constrains the economy to operate on a production frontier lower than the potential level of the economy. It is necessary that we sustain our efforts to avoid such exceptional investments as far as practicable.

Mr. Speaker, Sir,

22. The public sector enterprises and autonomous bodies owned by the Government have an important place in the economy of Bangladesh. Their management creates a significant impact on the overall economic position; efficient management helps the economy and expansion of output whereas inefficient management produces deleterious impact.

23. Broadly speaking, these institutions fall into three categories: those which produce primarily goods and services of the nature of public goods; those which produce or sell goods and services on commercial basis; and those which produce goods and services having mixed characteristics of both of the above—i.e. goods and services which are marketed but also have public welfare contents. The first category of institutions do not charge any price or do not try to recover the full cost through price. In case of the second category of institutions the cost of production may be recovered partially, but the government may also bear part of the cost in view of the public welfare contents of the goods and services. It is necessary that such organisations operate with efficiency in order to avoid wastage or inefficient allocation of scarce resources. The second category of institutions are the most significant for their impact on the economy as a whole and its management. Their efficiency and operational results have implications for the government budget and the economy.

24. The accumulated loss of the public enterprises has increased over time. Between 1973 and 1988 the Government had to provide relief to these enterprises from obligations for cash payment to the tune of taka 13,000 crores. Forty six percent of the relief was provided in the form of capital restructuring—i.e. obligation for servicing debt to the government was converted into equity; 14 percent was converted into grants-in-aid; and about 40 percent was provided as cash equity infusion. Incidentally, the benefits of relief were received mainly by the enterprises having monopoly or market control power. The following are some of these instances: production of fertilizer, cement, steel, and sugar which are completely within the public sector; bicycle, inland water transport, jute, cotton yarn, in which the market share of the public sector is in the range of 40-60 percent; 60-90 percent of the physical assets in these sectors belong to the public enterprises.



25. The weakness of the management or wrong management policy alone is not responsible for the loss of these enterprises. Among the other reasons are the following: international trade environment, the overall socio-economic and political conditions prevailing in the country, uncritical combination of commercial and social objectives, inadequate economic consideration in determination of prices, foreign exchange rate regimes which maintained artificially over-valued domestic currency, inappropriate strategy for implementation of import-substitution policies, choice of projects based on faulty and inadequate appraisal, high cost of project implementation and import of raw materials and spares at prices above the international competitive levels. Regardless of the reasons, the impact on the economy and the finances of the government are the same. The Government does not get any return from the investment; on the contrary, further allocations from the revenue budget are required for financing the losses which results in reduction of surplus of public revenues or increase of public deficits. It is necessary to strengthen our efforts to convert these enterprises into organisations which make profit through efficient commercial and operational policies consistent with macroeconomic parameters and objectives.

26. The Government has taken significant steps for improving managements of the public enterprises. Operational freedom of the management is part of the policy adopted by the Government. A Council Committee on Autonomous Bodies has been set up under the chairmanship of the Honourable President. An executive committee under the chairmanship of the Prime Minister is responsible for exercising the responsibility and control of the government over the operations of the public enterprises. The above arrangements have made it easier to ensure optimum balance between macroeconomic parameters and the objectives of the public enterprises. It is expected that the above administrative arrangements will help increase the efficiency of the management of the enterprises in a manner consistent with the overall economic interest of the country. If they can make profits and avoid losses, the pressure on the Government budget will be reduced which, in the ultimate analysis, is passed on to the common people through taxation.

Mr. Speaker, Sir,

27. The present Government has taken strong steps and provided substantial incentives for encouraging the growth of the private sector. It was expected that during the Third Five Year Plan investment by the private sector would amount to Tk. 13600 crores, which is a little over one-third of the total development outlay (35 percent) during the said period. An interim evaluation carried out by the Planning Commission shows that the realised investment in the private sector during the first three years of the Third Five Year Plan amounted to Tk. 5819.04 crores at 1984-85 constant prices. The plan outlay for the private sector assigned greater importance to investments in agriculture (32.35 percent), physical

infrastructure and housing (26.84 percent), and industry (23.53 percent). In all these sectors realised investments are far short of the plan estimates (agriculture 23.75 percent; physical infrastructure and housing 18.98 percent; industry 12.01 percent). In the first three years, actual investments in the transport and communication sector (23.63 percent) and the trade and services sector (21.63 percent) have exceeded the stipulations in the Plan (transport and communication 11.03 percent; trade and other services 6.25 percent); the amount of investment in trade and other services has already exceeded the stipulation for the entire plan period by 48 percent. Preferences of the investors diverge from the priorities determined by the Plan. Better understanding of this divergence and the preferences of the private investors would help in making the private sector more dynamic. It seems that an undesirable role of the intermediaries in trade and industry constrain industrialisation; sustained efforts should be made to reduce this role through wider competition and appropriate pricing policies. In order to encourage shift of commercial capital progressively to investment for industrialisation, it is necessary to ensure that investment in industry generates returns higher than trade.

28. The response from the private sector yet is less than expected, notwithstanding the bold steps taken by the Government. The Government has recently taken a series of actions to stimulate the private sector further. A Board of Investment has been set up under the chairmanship of the Honourable President. The Board of Investment will approve all investment proposals from local entrepreneurs as well as proposals for joint ventures in collaboration with foreign investors. Decisions for provision of infrastructural facilities and imports, recommendation for loan by the financial institutions, information or counselling required for establishing industry, and other related matters also would be made or provided simultaneously with the approval of the investment proposals. It is expected that these innovative and bold steps would reduce procedural complexities which would accelerate and increase investment. Various incentives have been provided for attracting direct foreign investment—e.g. no Government approval is required if foreign equity does not exceed 49 percent and the total investment is not more than Tk. 10.00 crores; the financial institutions can sanction investment loans within their financial power for joint ventures fulfilling the abovementioned conditions; public issue of foreign equity is not obligatory during the initial period of investment. The time for eligibility for tax holiday for direct foreign investment has been extended. Procedures have been simplified and the rates increased for investment of the profit for expansion of the existing industries, setting up new industries, or for repatriation. There will not be any discrimination between the public sector and the private sector in provision of investment funds, infrastructural facilities, and import duties.

29. The Small and Cottage Industries Corporation will be restructured and its management capability upgraded



for better promotion of small and cottage industries. The Government has also granted permission for setting up a bank in the private sector for financing investment credit needs of small industries.

30. These steps are expected to help industrialisation in the private sector. However, they will have to select the sectors for investment carefully in order to realise these benefits. Bangladesh has natural advantage in labour intensive industries, but the entrepreneurs show a bias for capital intensive and import intensive industries. As a result, they fail to exploit the natural advantage, become dependent on imported raw materials and spares, and experience increasing problems resulting from the effective real exchange rate regime adopted by the Government.

31. The Government introduced EFAS scheme (Exchange Rate Fluctuation Absorption Scheme) in 1984 to facilitate discharge of increased debt servicing obligations resulting from past exchange rate adjustments. The period of validity of the scheme has expired. The industrialists have requested the Government that the scheme be revived or some appropriate substitute introduced. Maintaining an effective real exchange rate and avoiding appreciation of the real value of the domestic currency are the basic principles of the exchange rate policy, which is necessary for promotion of export. The differential between the primary and secondary markets also will be progressively reduced and eventually eliminated. The Government is examining the possibilities of introducing a scheme for exchange risk coverage which would be consistent with the basic principles of exchange rate policy and shall be self-financed. The Government will discuss the matter with all concerned and take a decision on the merit of the various alternatives.

Mr. Speaker, Sir,

32. I have already referred to the series of natural disasters and their dampening effect on the economy. The finances of the Government did not remain free from these effects. On the one hand the receipts of the Government declined and, on the other hand, expenditures increased.

33. The estimated receipts for the budget 1988-89 was 6172 crores, including Tk. 5282 crores expected from taxes and duties and Tk. 890 crores from non-tax revenues. The above estimates included Tk. 517 crores expected from the new measures. On the basis of receipts so far, it is estimated that receipts from tax revenues would be Tk. 4895.70 crores. Non-tax revenues are estimated to increase by Tk. 36 crores to Tk. 926.48 crores. In the proposed revised budget total receipts from tax and non-tax revenues are estimated at Tk. 5822.18 crores, which is Tk. 349.92 crores or 5.65 percent less than the original estimates.

34. The estimated receipts in the proposed revised budget for 1988-89 is about 12 percent higher than the receipts in 1987-88 financial year. It is expected that

inflation this year would not exceed 8 percent, so revenue is expected to rise by about 4 percent in real terms. Receipt from excise duties is expected to increase by 24 percent and taxes and duties by 7-8 percent. Receipt from land development tax and registration is estimated to decline by 5-6 percent. Predictably, natural disaster, loss of crops, temporary restriction on transfer of land for protection of small and marginal farmers are among the causes for such shortfalls. Estimated receipt from taxes on vehicles also declined by about 17.50 percent compared with last year.

35. Revenue expenditure in the proposed revised budget is estimated at Tk. 6170 crores compared with Tk. 5250 crores in the original budget—i.e. the proposed revised estimates exceed the original estimates by about 17.5 percent. The increase in revenue expenditure is mainly due to Food For Works Programme, Vulnerable Group Development Programme (VGD), Test Relief, augmentation of potable water supply, subsidy on food account, education and defence. Increase of revenue expenditure was inevitable for revitalisation of the economy affected by natural disaster, provision of relief to the common people, and creation of job opportunities. Expenditures on railway, tele-communications, and the postal department also increased.

36. The revised Annual Development Programme for 1988-89 had to be reduced as a result of increase in revenue expenditure and decrease in revenue receipts. The size of the original Annual Development Programme was Tk. 5315 crores while that of the revised Annual Development Programme is Tk. 4595 crores—i.e. the revised Annual Development Programme has been reduced by Tk. 720 crores or 13.54 percent. According to the original estimates, project assistance and counter-part fund from commodity aid were respectively Tk. 2880 crores and Tk. 1424 crores. On the basis of external assistance received so far, project assistance for the year is estimated at Tk. 2635 crores and commodity assistance at Tk. 1229 crores. As a result, external assistance for financing the Annual Development Programme would be Tk. 441 less than the original estimates. Resources available from food assistance for the Annual Development Programme would increase to Tk. 330 crores from Tk. 250 crores included in the original budget. This amount will be spent on projects selected by the Government to which the food donors have agreed. External assistance will provide Tk. 4194 crores for the Annual Development Programme and Tk. 401 crores will be available from domestic resources. Of the total expenditure for Annual Development Programme, the share of external assistance is estimated at Tk. 91.3 percent and that of domestic resources at Tk. 8.7 percent.

37. The deficit in the proposed revised budget is estimated at Tk. 801.04 crores, which would be financed by domestic borrowing. In the original budget the deficit was Tk. 64.90 crores only. Deficit expenditure financed by borrowing leads to monetary expansion and price inflation. The Government is sensitive to the need for

maintaining a balance between financing deficit through monetary expansion and maintenance of price stability together with control of inflation. The required balance was ensured through increased import of food, expanded FFW and VGD programmes, and adequate distribution of food through the Public Food Distribution System, which simultaneously stimulated demand and increased supply.

38. Price inflation during the current year has been lower than 1987-88. On the basis of data for the period up to April, it is estimated that price increase may not exceed 8 percent whereas the price increase index last year was 11.40 percent. Expansion of the public food distribution system is the main reason for lower rate of price inflation this year. Food price increased by 10.76 percent in 1987-88 relative to 1986-87; food price indices for the period up to April this year indicate an increase of 4.32 percent. Allowing for the likely changes for the last two months of the year, it seems that increase of food prices would be within 5-6 percent. Efforts will be necessary to prevent increase of inflation to two-digit level.

Mr. Speaker, Sir,

39. The balance of payments position is very critical for our economy. Some important changes have been introduced in respect of external trade policies during the last few years. The major objectives of these changes are the following: progressive liberalisation of import; expansion of export; progressive reduction of the level of protection with a view to achieving the above objectives; priority for import of raw materials, intermediate goods, and spares which would increase the use of existing domestic production capacity; import of consumer goods for ensuring their adequate supply and price stability. Special facilities are available for expansion of export and diversification of export goods. Procedures applied by the financial institutions also have been simplified in the interest of export.

40. Both export and import this year have been affected by the series of natural disasters and the rather slow economic growth. On the basis of performance for the first nine months (July-March), import for the current year is estimated at Tk. 10,320.00 crores and import at Tk. 4050.00 crores. Import and export last year were respectively Tk. 9328.60 crores and Tk. 3704.50 crores. Compared with last year, import has increased by Tk. 991.40 crores or 10.60 percent; export, on the other hand, has increased by Tk. 345.50 crores or 9.35 percent only. In addition to food, import of consumption items such as sugar, edible oil, oil seeds, petroleum products, and textile goods has increased significantly; industrial raw materials or intermediate goods such as yarn, cotton, cement also has increased substantially.

41. The composition of export goods has changed significantly during the last decade. Jute and jute goods accounted for two-thirds of our export in 1982-83; their share declined to one-third only in 1987-88. During the

above period the share of export other than jute increased from one-third to two-thirds of the total export. New export items—known as non-traditional goods in common parlance—was less than one-third of the total export; its share now is two-thirds or more. Traditional exports changed in an asymmetric way. These changes are the manifestation of the export promotion efforts of the Government and changes in the international market and structure of demand. The export promotion strategy and the domestic production structure call for adjustments in response to these changes.

42. Trade deficit during the current year is estimated at Tk. 6270.00 crores compared with Tk. 5624.00 crores last year. Deficit on services account is estimated at Tk. 580.00 crores compared with a deficit of Tk. 448.00 crores in 1987-88—i.e. deficit on services account will increase by Tk. 132.00 crores. Remittance by Bangladeshis working abroad have been increasing. The receipt last year was \$788.00 million or Tk. 2461.00 crores; it is estimated that remittance this year will increase to \$800 million or Tk. 2580.00 crores. Consequently, the current account deficit will be small relative to the trade and services accounts deficits. During the last 3-4 years trade and current account deficit were contained respectively within 12 and 8 percent of the national income; it is expected that during the current year also trade and current account deficits will remain within similar limits.

Mr. Speaker, Sir,

43. It appears from changes in the exchange rates that there was significant misalignment during 1975-77 and that the exchange rate of taka was set at a high level artificially. Exchange rate adjustment of the large magnitude was effected in 1975-76. The secondary exchange rate market started operation in 1977-78. The differential between the primary market and the secondary market ranged between 25 and 40 percent until 1981-82, demonstrating misalignment of the exchange rate. During 1981/82-1982/83 and again in 1985/86 the misalignment was corrected downward by 15-23 percent. Since 1983-84 efforts for maintaining a stable and competitive exchange rate have remained unabated. During this period annual depreciation of taka was contained within 2.03 percent and the differential between the primary and secondary exchange markets has gradually diminished. An ultimate objective of the foreign exchange rate policy is to replace multiple exchange rates by a uniform exchange rate, which is a precondition for growth of export.

44. A few observations on the considerations on which foreign exchange rate policy is based may be in order here. No country can unilaterally follow a foreign exchange regime these days; alignment with the internationally accepted foreign exchange practices is indispensable. Effective real exchange rate is necessary for promotion of exports. An over-valued domestic currency helps import at the cost of export. Discretionary interventions

in particular cases may give the illusion of removing misalignment, but such interventions exacerbate the misalignment and deepens the structural weakness of the economy. On the other hand, we should remember that import constitutes a very large component in our economy. Sudden adjustments of exchange rate by large magnitudes of depreciation increases the price of imported goods which may produce contractionary impact on the economy. Until such adjustments are made, the misalignment has existed long enough to create structural distortions in the economy and cause export losses; sudden and one-shot correction of misalignment cannot remove the structural distortions in a manner which can recoup the losses already suffered. So it is necessary to maintain a stable exchange rate through graduated adjustments in small magnitudes which are easy to bear. Exchange rate policy alone cannot achieve this objective and needs to be reinforced by harmonious trade policy, income policy, price policy and sectoral policies.

Mr. Speaker, Sir,

45. In the course of discussing the state of the economy, I have referred to different policies. Before proposing the budget for 1989-90, I would like to discuss a few more aspects of the economy which are relevant and important.

46. It is necessary to keep external debt under control so that debt servicing burden does not create an unbearable situation. It is desirable to contain debt repayment burden within a limited portion of export earnings. The highest benefit from external assistance can be derived from concessional loan from multilateral and other sources which allow the advantage of international competitive prices. Hard term loan should be kept at the lowest possible level and limited primarily to those organisations which can service external debts from their own export earnings.

47. Efficiency in utilisation of foreign aid is necessary. At present a large part of our investment is financed by foreign aid. Slow and inefficient utilisation would result in inadequate physical capital formation. Our efforts should be sustained to improve efficiency in utilisation of aid through more efficient selection, preparation and implementation of projects.

48. The Government is determined to increase domestic resource mobilisation and is making efforts to that end. In order to achieve these objectives, importance will be placed on correct pricing of goods and services produced or provided by the Government, reduction of subsidy except for public expenditures targetted at the poverty groups, and making taxation system more dynamic and institutionally stronger. Unproductive expenditures of the Government should be controlled wherever possible.

49. There is a close relationship between development expenditure and current or revenue expenditure. Allocation of funds by the Government—whether from the

development budget or the revenue budget—should be considered in an integrated perspective. An initiative will be taken in order to institutionalise the integrated perspective of the budget now split into two parts (Revenue and Development). The need for modification of the budget format for adequate exhibition of the proposed integration will be examined. While making allocation from the revenue budget, its economic implications and impact on production will be taken into account.

50. In this context it should be mentioned that proper economic development and achievement of the desired rate of growth is possible only through pursuit of micro-economic and sectoral policies consistent with an appropriate set of macroeconomic policies. Real and monetary variables in an economy are mutually connected and interactive. The Finance Ministry has undertaken the task for setting up a General Equilibrium Model which would capture the relationship and interaction between these two sets of variables. The use of the model will make it easier to design appropriate policies and choose the desired path for economic evolution. Such a model is absolutely necessary for reducing the gap between the planning model, based on real variables, on the one hand and fiscal and monetary variables on the other. The proposed model will be helpful in the selection and design of alternative policies and to test the outcome and appropriateness of policies adopted. It is necessary to strengthen the manpower for research and investigation connected with the model; the Finance Ministry is taking necessary steps in this regard.

51. In making allocation from the revenue budget priority will be given to those sectors which receive higher priority for allocation of investment resources. In consonance with the basic objectives and strategies of the on-going Third Five Year Plan, the Perspective Plan and the Fourth Five Year Plan now under preparation, priority will be given to the following sectors and objectives in making allocations from the revenue budget: (a) productive sectors, particularly those directed towards poverty alleviation and employment generation; (b) agriculture and irrigation together with better uses of water resources; (c) rural development, particularly rural infrastructure which contributes to agricultural and other non-farm rural output expansion; (d) poverty alleviation and supply of basic needs; (e) optimum utilisation and maintenance of the existing assets and productive capacity.

52. Poverty alleviation is one of the basic principles of Government's programmes. From the various household expenditure surveys conducted between 1973-74 and 1985-86, it appears that poverty was much more widespread in 1973-74. Since then the situation has improved. In 1973-74 the proportions of rural and urban population below the poverty line were respectively 82.9 percent and 41.4 percent; the proportion of rural population below extreme poverty line was 44.3 percent and that in the urban area 28.6 percent. According to the Household Expenditure Survey conducted in 1985-86,

the proportion of population below the poverty line is 51 percent in rural area and 56 percent in urban area; the proportion under extreme poverty line is 22 percent in rural area and 19 percent in urban area. Demographic indices also corroborate the above findings. The various initiatives of the Government have helped in poverty alleviation. Agricultural growth through application of new technology, Food For Works and other programmes for rural infrastructure development, administrative decentralisation and infrastructure development at upazilla headquarters, investments in rural development, etc., are parts of the initiatives. Establishment of cluster villages, distribution of state land among the landless and introduction of rural rationing have re-inforced these initiatives. Sustained efforts in these directions are expected to re-inforce the policy for alleviation of rural poverty and rural development.

53. Rin Shalishi Board has been established under Rin Shalishi Ordinance of 1988 with a view to protecting the poor, the assetless and the farmers from the clutches of the money-lenders charging usurious interest rates. It is expected that Rin Shalishi Board will be effective in protecting the farmers from the onerous burden of debt having high interest rates and hard conditions attached therewith.

54. The slow growth rate of agriculture warrants serious consideration. Agriculture accounts for approximately 50 percent of total national output and employs the largest proportion of the labour force. Its role in poverty alleviation is critical. Annual growth of agriculture averaged about 3 percent until the middle of 1980's. Towards the end of 1980's growth of agriculture decelerated and has been around 2.2 percent during the last few years. The Government set up in 1987 an independent team comprising national and international experts to look into the question of stagnation in agricultural sector. Briefly, the major findings of the study include the following: foreign exchange rate and domestic intersectoral terms of trade had not been against agriculture; the economic cost of protective foreign trade and industrial regimes were partly borne by the agriculture sector; expansion of new technology had slowed down due to various reasons including inadequate disbursement of agricultural credit resulting from the weak credit discipline, inadequate agricultural extension services, limited irrigation coverage, etc. Extension of the new technology would be constrained without expansion of irrigation. Government investment in both agriculture and irrigation sectors has declined. The report has recommended, inter alia, that public investment in agriculture and irrigation be increased and that fertilizer price be maintained at the present level in real terms, which are being considered by the Government. The Master Plan Organisation has submitted to the Government a report, based on extensive enquiry, making recommendations for irrigation and other uses of water. The available information would help design the development strategy for agriculture and irrigation sectors in the Fourth Five Year Plan.

55. We should try to ensure that the size of the population does not exceed a desirable level, given the limited resource endowment of a developing country like Bangladesh. Growth of population not consistent with the growth of the economy may itself become a constraint on the development process. The rate of population growth has declined to some extent during the last few years, but still remains undesirably high.

56. For the last three decades the Government has pursued a policy for family planning implemented through various strategies. The Third Family Planning Programme is being implemented within the framework of the Third Five Year Plan. Emphasis has been given to maternal and child welfare as part of the strategy for implementation of the current programme. About 30,000 field workers have been employed. The programme includes several elements such as: special initiative for motivation, facilities for family planning services at hospital and clinics, efforts for setting up family welfare centres in each Union Parishad, adequate supervision, association of community leaders with the programme, training of the family planning workers. The entire country is under coverage of family planning services. Commendable success has been achieved in family planning as would be evident from the declining trend of fertility and increased awareness about family planning. Admittedly, however, more needs to be done, for which our efforts will have to be sustained.

57. Government is conscious about the prevention of environmental deterioration. The Honourable President has expressed his views on the matter a number of times. We ought to make efforts for a balance between environmental protection and economic development. This effort can be seen in our development programmes. Extension of the area under forestry and afforestation, social afforestation programme, programme for planting fuel wood, are elements of these initiatives. Preservation of coastal environment is of critical significance. Exploitation of the economic opportunities of the coastal area including fisheries development, salt industry, forest resources, resources within the limits of the territorial waters and the estuary cannot be done without simultaneous attention to environmental protection of the coastal area. Proper consideration will be given to these dimensions in Government programmes and resource allocation. The establishment of the International Institute of Environmental Research and Disaster Management under the patronage of the Honourable President is a significant step in this direction.

58. The recent experience of the floods showed that faulty design and implementation of projects can compound the problems created by the floods. It is necessary to examine the impact of rural infrastructure projects on the environment for which technical upgradation of schemes is required. The Government is examining the need for diversification of the Food For Works Programme together with the associated institutional changes required, which would enable more efficient management of the programme. Rural infrastructure is

supportive of the growth of agriculture and other non-agricultural rural production, which dimensions should be taken into account in the development of rural infrastructure.

59. The government has recently taken a number of steps for helping export of jute goods. The loans given to the jute mills which could not service their debts would be segregated and they would get remission of interest charges payable on the loan so segregated. In addition, subsidy will be given for export of jute goods. Jute is facing increasing competition with synthetic substitutes in the international market. This structural problem of jute cannot be resolved without improving productivity of jute as an agricultural crop and the efficiency of the jute industry. In this context it is worth mentioning that Bangladesh has comparative advantage in jute. Our share of the international market for jute goods is 45-50 percent and our annual export centres around 5 lac tons. The existing advantages in the international market should enable Bangladesh to protect its interest as an exporter—and this would be necessary until alternative exports and industries are established. But it will not be possible to support jute industry for an indefinite period on the basis of subsidy and segregation of loans which, in the final analysis, increases the loan loss burden for the banks. It is urgent that the structural weaknesses—particularly of jute industry—be addressed. The issue is now under examination of the Government. Appropriate decisions in this regard would be taken in consultation with all concerned including the entrepreneurs and the suppliers of investment funds.

60. The Honourable President has pledged the nation the construction of the Jamuna Bridge as a link between the two parts of the country which would ensure balanced regional development. The budget proposed for the next year includes specific provision for discharge of this obligation. Estimated expenditure required for initiating the necessary activities has been provided in the proposed budget.

Mr. Speaker, Sir,

61. I have already mentioned that as a result of the floods and other natural disasters domestic output may grow at 2 percent or even at a lower rate. The Government has already approved the Annual Development Programme (ADP) of 1989-90 at a total cost of Tk. 5803.02 crores. It is expected that the rate of growth next year will be 5.91 percent. It may be possible to achieve the desired rate of growth, provided that there would not be any shocks caused by unexpected natural disaster and adverse international situation and normal favourable conditions would prevail. This would be the highest rate of annual growth during the Third Five Year Plan.

62. The Government had set up a Pay Commission in 1984. The recommendations of the Commission were examined by the Government and, in the light of Government's income and overall expenditure, the structure

of pay and allowances and other privileges of government employees was revised. Since then the economy has changed and so has the price situation. It is necessary to maintain a reasonable relationship between the price level and income of government employees. With that end in view the Government has recently decided to set up a Pay Commission.

63. Meanwhile, the Honourable President has been pleased to announce a number of interim benefits for government staff and officials. All Government employees will be given 10 percent dearness allowance and one additional ad hoc pay increase. For the staff, washing allowance has been raised from Tk. 5 to Tk. 20 and overtime allowance from Tk. 4 to Tk. 8 and Tk. 5 to Tk. 10 respectively for working up to three hours or longer beyond normal working hours. In case of both husband and wife working in the Government and occupying Government residence, the employee who has not been allotted a Government residence would be entitled to house rent allowance. Pension has been raised from 70 percent to 80 percent of the last pay drawn. The rates of gratuity at different slabs have been revised upward on a progressive basis.

64. The above facilities have been extended to the employees of autonomous bodies, semi-autonomous bodies and public sector banks and financial institutions. In this context it should be mentioned that the Honourable President has also announced 10 percent dearness allowance for teachers of private schools.

65. Revenue expenditure in the proposed budget for 1989-90 has been estimated at Tk. 6900 crores, which exceeds the estimated revenue expenditure in the proposed revised budget by Tk. 730 crores or 11.83 percent. The expenditure for implementing the interim benefits for the Government officials and staff announced by the Honourable President have been estimated at Tk. 480 crores, which are included in the proposed budget.

66. Receipts for the proposed budget for 1989-90 have been estimated at Tk. 7180.53 crores. Receipt from customs and taxes are estimated at Tk. 5615.95 crores and those from non-tax sources at Tk. 1564.58 crores. Revenue surplus is estimated at Tk. 280.53 crores. After making adjustments for net deficit of Tk. 481.14 crores in the capital account, investment of Tk. 150 crores financed by internal surplus of a number of public sector agencies in projects included in the Annual Development Programme, and Tk. 82.30 crores as the overall positive outcome of food operations, the net domestic resource available for the Annual Development Programme amounts to Tk. 31.69 crores.

67. Estimated receipts in the proposed revised budget of 1988-89 is smaller than the original estimates; the floods, other natural disasters and the low rate of economic growth account for the shortfall. A study conducted by the Government reveals that there has been a gradual decline of the elasticity and buoyancy coefficients of taxation, which perspective has been kept in

view in estimating receipts for 1989-90 from taxes on the existing basis. On the other hand, efforts will be made to raise revenues from non-tax sources also. Receipt of non-tax revenues in the proposed revised budget is estimated at Tk. 926.48 crores; in the proposed budget for 1989-90 non-tax revenues are estimated to increase by Tk. 638.10 crores to Tk. 1564.58 crores.

68. The total outlay of the approved Annual Development Programme is Tk. 5803.02 crores. Taka 5050 crores would be available as external assistance which includes Tk. 3250 crores as project assistance, Tk. 1500 crores as counterpart fund generated by commodity aid, and Tk. 300 crores as food assistance. On a net basis, Tk. 31.69 crores would be available from domestic resources. The total resources available for implementation of the Annual Development Programme amounts to Tk. 5081.69 crores, leaving a resource gap of Tk. 721.33 crores, which will have to be mobilised through new measures. The outlay of Tk. 5803.02 crores for the Annual Development Programme includes Tk. 2553 crores in local currency, of which Tk. 753 crores will be provided from the Government's own resources. On this basis, 87 percent of the expenditure for the Annual Development Programme will be financed by aid and 13 percent by domestic resources. It is pertinent to emphasize here that it may be possible to provide more local resources for the development budget next year if the expected domestic resource mobilisation along with estimated receipts from taxes materialises and non-development expenditure from the revenue budget is kept under control. In that event, it will be possible to stimulate more investments in agriculture, pisciculture, small industries, education and rural employment which contribute to national productivity and public welfare.

### Positive and Negative Aspects

46001496 Dhaka THE NEW NATION  
in English 19 Jun 89 p 5

[Editorial: "The National Budget"]

[Text] Set against unrealised growth targets of the previous year and the necessity to pay price for development the budget for 1989-90 has been basically product of circumstances. The National budget for 1989-90 presented by the Finance Minister Dr. Wahidul Huq has made a frank appraisal of the economic situation which obtained in the country in 1988-89.

As against Tk 603 crore new proposed taxes last year the new budget envisages tax load of Taka 659.73 crore. The budget shows a revenue surplus of Taka 280.53 crore for fiscal 1990. The revenue income has been estimated at Taka 7180 crore while the revenue expenditure in the proposed budget has been estimated at Taka 6900 crore. The proposed revenue expenditure is 11.83 percent higher than the fiscal year 1989 revised budget allocation.

Though it is described as a surplus budget, in the total budget only the revenue part generates a surplus. But

almost the whole of the development budget is to be financed through expected foreign assistance. Thus we plan our development activities on receiving money from others.

Excessive dependence on foreign aid has two implications. First, it makes the budget objectives vulnerable to the actual availability of foreign aid. Under such circumstances what is the significance of the assumed GDP [gross domestic product] growth rate of 5.9 percent for the coming year? Its realisation will be determined to a great extent by how much aid we can get from outside.

Secondly, receipt of aid is not the important criterion, its use is important. Our aid utilisation record is yet to improve. As a result, the share of commodity aid has significantly declined over the years in the total aid package we have received. Shortage of commodity aid has implications—decline in resources for imports and decline in generation of counterpart funds.

As a result in future we shall have to be increasingly on our own in order to finance development programmes. Incidentally, the net domestic resources available for financing the Taka 5,803.02 crore ADP for 1989-90 will be only Taka 31.69 crore. The rational policy in this respect would have been to induce people to generate more savings. But the levy on all deposits in schedule banks in addition to the tax in the last year's budget on the interest earned on the fixed deposits is likely to scare the savers from saving out of their income.

The Finance Minister has stressed that the new budget would stimulate growth, encourage exports, create jobs and maintain price stability. But these depend on several variables. These are efficient functioning of public sector enterprises, cutting down unproductive expenditure, full utilisation of industrial capacities, economic price for cash crops, action-oriented agricultural production plan and containing inflation. Unfortunately all these variables are more or less negative. Huge losses in public sector cause grave concern and raise a pertinent question whether this white elephant should be maintained at the cost of public exchequer. The 35 jute mills alone run by BJMC Bangladesh Jute Mills Corporation] incurred a total loss of Taka 837.79 crore since nationalisation 17 years ago. Similar is the case with other public sector corporations, except a few enterprises.

The question of cutting down unproductive expenditure is very important. Due to this, at the fag end of every year the budget of the country has to be revised to such an extent that its original form, content and allocations become meaningless. If the main purpose of preparing a national budget is to ensure economic discipline with respect to government expenditure as well as revenues, then a drastic revision of every budget at the end of every relevant financial year makes the whole exercise futile. The basic question one can ask in this regard is that why the budget cannot be kept in its original form, content and magnitude. The simple answer to it is because the government does not stick to the required economic

discipline with regard to expenditures and the government can not do so because there is no financial accountability on its part in the real sense of the term.

In order to stimulate growth, investments, both public and private, have to be stepped up. The declining trend in investments is standing in the way of stimulating growth and creation of effective purchasing power and job opportunities. The investment ratio stood at 15.9 percent in fiscal year (FY) 1980, 15.1 percent in FY 1985 and plummeted to less than 12 percent now. This important aspect should be looked after by the government.

The new budget has proposed both new taxes and tax reliefs. While common man will be hit by new imposition on gas, power, sugar, etc., the Finance Minister has not provided for any mechanism in the budget to give benefits of tax reliefs to the common man. Without this, the budget mostly laden with indirect taxes will be a heavy-weight burden for the common man. It is also apprehended that the price of newsprint will go up which will badly hit the newspaper industry and the cause of education in general.

The budget, which can be termed as a traditional one, has got both positive and negative aspects and is therefore not an unmixed blessing. It has evoked mixed reaction. The impact of the new taxation on the national economy should be evaluated and reviewed for taking timely remedial measures so that the desired economic growth in firms and factories is not retarded.

It needs to be stressed in this connection that the major weakness of our economy is the absence of a sense of direction, lack of far-sighted planning and the existence of excessive control. With the removal of these snags, conditions will be created for private entrepreneurship and individual drive to thrive.

## INDIA

### Excerpts of Gandhi Intervention in Debate on Communalism

46001478 New Delhi PATRIOT in English  
6 May 89 p 5

["Excerpts" from 3 May debate on the communal situation in various parts of the country]

[Text] Extracts of Prime Minister Rajiv Gandhi intervention in the Lok Sabha on May 3 during the debate on the communal situation in various parts of the country:

"A secular India alone is an India that can survive. India and secularism must remain synonymous to assure the glory of our civilization and the future of the country. Secularism is a condition of our existence, it is the essence of our tradition. Secularism and our nationhood are inseparable.

"We are a multi-religious multilingual, multi-cultural society; but we are not a multi-national society. We are

one country and we have one common citizenship. Through 5,000 years of living experience, we have demonstrated to the world that there can be a vibrant reality of our unity in diversity. Today's world is in desperate need of learning from India's experience. Through technological development, the world is becoming smaller and is growing towards a global village. It is equally in need of unity and diversity. India's secularism is a global need because the global secularism is inseparable from human survival, from inter-dependence, from global cooperation.

"The history of humanity is spattered with the consequences of narrow-minded nationalists, equating community with nations, religion with nation, language with nation, ethnicity with nation. To escape history's trap of turbulence and tragedy, many countries and regional groupings are seeking to escape the exclusivism of the past. They can live together with cross-fertilization of ideas, preventing cultural genocide. It is in this worldwide effort that the world is learning from India's unity in diversity. No other civilization has as long a record in evolving a composite culture; as long a record of a policy based on secularism.

"Notwithstanding thousands of years of secularism, the forces of communalism have not been vanquished. The history of India is a kind of dialectic between the forces of secularism, of tolerance and compassion versus the forces of communalism, fundamentalism and fanaticism. The never ceasing running battle with the opposing forces of communalism continues and we must fight them.

"How do we understand secularism? First and foremost, it is not anti-religion or irreligious. It is a deep abiding appreciation of the rich vein of spirituality that runs through our culture, through every religion of India, through our history. It runs through every person who is an Indian. The cardinal principle of secularism is equal respect for all religions: Sarva Dharma Samabhaav.

"We also respect all religions equally. No religious community is singled out for favors by the State, or subjected to disability or disadvantage by the State. The State has no religion: the State is above religion. For the State, religion is a private and personal matter for the individual. The State is concerned only with full protection for all, with equal opportunity for all, with equitable benefits for all.

"The third principle flows from the first and the second; since religion has high value, it must remain in the private and personal lives and it has no role to play in the politics of the country.

"Injecting religion into politics is poisoning our body politics; is against the traditions of our civilization, the canons of our Constitution and the survival of our State.

"From the war of India's Independence that started in 1857 to 1940, Indians of all communities, except communalists, were together in the battle to free India. But



the Lahore Resolution passes by the Muslim League gave an opportunity for the communalists to make inroads into the mainstream. And within less than a decade of the Lahore Resolution, India was partitioned. We shall never let another partition of India happen again, we shall never let the forces of communalism triumph over secularism.

"A patriotic Indian is a secular Indian; a nationalist Indian is a secular Indian; a disciplined Indian is a secular Indian.

"Through 40 years of Independence, we have shown that we are one nation. We have faced external aggression as a united nation. We have stood firm as one nation against the internal forces of fundamentalism and fanaticism. It is illustrated most dramatically by what had happened in Punjab. The protagonists of secession found common cause with religious fanatics. Together, they roped in terrorists, murderers, hired assassins, gun-runners, smugglers and common criminals mixing politics with religion, mixing religion with criminality.

"(But) the people of Punjab have not given in. The tolerance of our people has triumphed; the brotherhood of centuries has triumphed; the innate secularism of our people has triumphed. At the same time, the forces of communalism have always (been) on prowl, trying to insinuate themselves into the political life of the country; working from behind the scene or using others as a front.

"If secular forces stand together, communalism can be contained. Danger arises when political parties for opportunistic reasons lend weight and support to narrow causes.

"But there are political parties represented even in this House that have become tools, willingly or unwillingly, of fundamentalism and fanaticism masquerading as religion. Some political parties live on stocking fears of religious minorities; others live on stoking religious passions of the majority community. There are those who incite passions only to pose as protectors of faith. The Congress is pledged to have nothing to do under any circumstances with such forces.

"As a Government our foremost duty is to safeguard secularism and we invite the cooperation of every section of this House to join us in this great national endeavor. I welcome the suggestion that is being made by Shri Indrajit Gupta. I have already requested the Home Minister to call all the secular parties, all the national parties and to talk with them and work with them to see how we can build a common culture.

"Over the last 40 years, we have augmented our capacity to tackle communalism. It is reflected in the declining trend in communal incidents. But the task will not end till there are no more communal incidents. (Causing) loss of life or limb or property.

"Law and order is a State subject; the Center can at best consider (the) national perspective, issue guidelines and

assist State Government. But the primary responsibility lies squarely with the State Governments. The State Governments have been assisted time and again by the courts, and I would specially like to congratulate the Bombay High Court and Justice Barucha for their historic decision.

"We have commended to the Chief Ministers far-reaching recommendations of the National Integration Council's sub-groups headed by P.N. Haksar. There has been some effect, although the overall action has not been to our satisfaction. There is no room for complacency; the communal monster must be laid low.

"It is not an issue between the Center and the States; it is not an issue between the Congress and other parties. This is a national issue, that demands a national response.

"The secular injunctions of the Constitution must be carried out in good faith, and with deep dedication. Religion must not be mixed with politics. No one doing so can run for elections today after our recent amendments. But still there are some political parties who have not amended their constitutions. These parties must amend their constitution and bring them into conformity with the nation's Constitution.

"After Gandhiji was felled by religious fanatics, the national responsibility of carrying forward secularism fell on Panditji's shoulders. He stanchd the bloodletting of partition, reassured the minorities, reformed obsolete and oppressive mores of the majority community. He gave Indians of all faith, confidence that the State is above all prejudice, above all discrimination, above all narrowness. He assured every Indian honor and opportunity.

"We would soon call a meeting of the National Integration Council to discuss the issue of communalism, and we would like that to be followed up after the Home Minister has his initial meetings with leaders and members of the opposition parties.

"In a few days, we will be commemorating the 25th anniversary of the passing away of Panditji. There can be no more significant manner of honoring Panditji's memory than in fulfilling his ideals in rededicating ourselves, in rededicating India and every Indian to the principles of secularism which Jawaharlal Nehru espoused and the unflinching application to the political and social life of our country."

**Trade Matters Said To Strain Indo-U.S. Relations**  
46001484 *Madras THE HINDU in English*  
11 May 89 p 9

[Article by K.K. Katyal]

[Text] New Delhi, May 10. India and the U.S., which of late had learnt to deal with each other despite their



differing geo-political perceptions, may find their bilateral ties under stress, arising from trade and allied matters.

Unlike the high-profile diplomats, whose interaction attracts instant public gaze, the trade and commerce officials of the two countries have been engaged in quiet discussions on mundane, but crucial issues of patents rights of intellectual property and trade practices, but have failed to sort out the differences. The dark shadow of the punitive provisions of the U.S. Trade Act hovers over India. May 30 is a crucial date—by then, the countries with “unfair trade practices” have to be identified by U.S. officials by then.

The latest in the series were the meetings of a four-member U.S. team with the commerce Ministry officials here on a report compiled by the office of the U.S. Trade Representative on restrictions on imports and foreign investment in India. Last month, the Trade Negotiations Committee, meeting in Geneva under the auspices of General Agreement on Tariffs and Trade (GATT), at the ministerial-level, agreed to discuss the provision of “adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights”, “effective and appropriate means” of their enforcement, and expeditious procedures, “including the applicability of GATT procedures” to prevent and settle disputes. India’s decision to accept the GATT umbrella for negotiations was a departure from the earlier position described by some as a case of surrender on a matter of principle.

In regard to both—bilateral dealings with the U.S. and the discussions of the Trade Negotiations Committee—India’s options were limited and, as a result, it was required to make the best use of what was possible. To take the second case first, the decision to accept the GATT jurisdiction on trade-related intellectual property rights was preferred as a way out of bilateral pressures and onslaughts of the multinationals, by diverting the debate to the decision of a multilateral forum. That it was not an ideal forum was realized.

Defending patent laws: Secondly, the agreement also contains stipulations and provisions, which would be invoked for consideration of the concerns “related to the underlying public policy objectives” of the national systems of the participation countries for the protection of intellectual property, according to the official view here. India will thus be able, it is pointed out, to defend its patent laws and to emphasize the rationale—that these were intended solely to protect the indigenous industry against the forays of the multinationals and to promote the socio-economic development of the country.

Thirdly, the normal pattern of the global line-up on economic issues, between the developing and industrialized countries was disturbed during the discussions on patents and other issues. With self-interest as the main promoting factor, the developing world did not present a

united front. India did have the support of countries like Yugoslavia and Egypt and some in Latin America, but not of many others while it found itself on the same side of the fence as some in the industrialized world.

U.S. objections: The bilateral discussions with the U.S. were based on the nine objections listed in the report of its Trade Representative. Some of these are as follows:

1. “India’s web of market access barriers is a serious and long-standing impediment to U.S. exports. Although some U.S. companies have identified individual items of export interest, most potential exporters have simply given up in the face of across-the-board quantitative restrictions and steep tariffs.”

2. “Many U.S. firms have found India’s procurement practices cumbersome and non-transparent. In awarding contracts, India’s policy favors Indian suppliers over foreign suppliers on a case-by-case basis, India is not a member of the GATT Government Procurement Code. The Oil and Natural Gas Commission (ONGC) has been cited as especially difficult on procurement matters.”

3. “India does not provide adequate and effective protection for U.S. intellectual property rights. The U.S. has discussed intellectual property protection with India in many formal and informal meetings in the past few years. Indian officials have not responded positively to repeated U.S. proposals for changes in India’s patents, trade marks and copyright laws. India is not a member of the Paris Convention nor does it have a bilateral patents agreement with the U.S. The U.S. is pursuing these issues bilaterally and in the Uruguay Round negotiations on intellectual property protection.”

4. “The Indian Government either partially or entirely runs most major service industries. Restrictions on trade in services follow the same pattern and rationale as restrictions on trade in goods and foreign investment. Officials fear allowing more scope to foreigners would diminish control over strategic industries, adversely affect inefficient service monopolies and add a new drain on foreign exchange.”

5. “The Indian Government policies and practices severely restrict potential U.S. investment and impose unacceptable conditions on those U.S. companies that invest in India. Foreign investment, where allowed, must serve narrowly defined national goals.”

Negotiators’ poser to U.S.: Indian negotiators wanted the U.S. to understand and appreciate India’s concerns asking them: “Would not the U.S. have taken similar measures at the stage of development where India finds itself today?” That this and other arguments did not carry conviction was obvious.

Soon “Super 301” and “Special 301” will become familiar words in the diplomatic jargon. These are the numbers of the draconian provisions of the U.S. Trade Act.

The original Section 301 of the 1974 Trade Act allowed the President to use tariffs and quotas to retaliate against

unfair trade practices by other nations. Under the "Super 301" provisions of the new legislation, the U.S. Trade Representative must identify those unfair trade barriers whose elimination could boost U.S. exports the most. Then, it must identify priority countries, based on the number and pervasiveness of the unfair trade practices. Next, the Trade Representative must seek negotiations to eliminate those countries' unfair trade practices over a three-year period. However, a determination as to whether or not the negotiations are satisfactory must be made within 12 or 18 months.

If it fails to obtain agreement to end the practices, the Trade Representative must pursue other avenues of amelioration that could result in retaliation.

**Importance of Sino-Soviet Relations to India Told**  
46001486 Madras *THE HINDU* in English  
15 May 89 p 9

[Article by K.K. Katyal]

[Text] New Delhi, May 14. New Delhi may not be an ideal capital for a ring-side view of the Sino-Soviet summit, beginning in Beijing tomorrow, but the hope and the sentiments of welcome, aroused by it here are no insignificant pointers either.

In the past, the prospects of a thaw between the Soviet Union and China used to be viewed with apprehension. That was the case, for instance, when the Soviet President, Mr Mikhail Gorbachev, came to India on his first visit some three years ago. Not so now. On the contrary, the summit is being hailed as one of the greatest events of the last 25 years by any reckoning both in the global and Asian context.

That New Delhi may take a positive look of Sino-Soviet detente was evident during Mr Gorbachev's second visit here last November. The subject figured in some detail in his discussions with the Indian leaders as also in his public pronouncements. Speaking at a New Delhi ceremony, while accepting the Indira Gandhi Peace Award, he described his initiatives for peace and security in the Asia Pacific region as an invitation for joint work to improve the situation in the region with the participation of all concerned countries.

"We especially count," he said, "on the understanding and cooperation of India without which the problems of the Asia-Pacific region can never be solved. This is also true of another great nation—the People's Republic of China. Thinking of countries like the Soviet Union, India and China, one is inevitably led to realize that good relations between them are extremely important for the destinies of Asia and for global progress." He was pleased to see signs of improvement in the relations between India and China he said, adding "our own relations with China are also evolving in an encouraging way."

The improvement in the Sino-Indian relations, he alluded to was later manifest in the Prime Minister. Mr Rajiv Gandhi's visit to China, his talks with the leaders there and the specific steps agreed upon to promote friendship and eliminate irritants.

Mr Gandhi's China trip may not have materialized had Mr Gorbachev's initiatives not created a climate of relaxation or not brought about a switch from confrontation to cooperation. In a setting, in which old, deep-seated animosities melted, as evidenced by growing contacts between Moscow and Washington and their agreement to destroy one class of nuclear weapons, India's move for closer ties with China became an inevitable corollary.

In this process, China too discarded its misgivings about the Indo-Soviet friendship, seeming to appreciate and not misunderstand the underlying imperatives. It blamed the Soviet supremacy of the Sixties, Nikhita Khrushchev, for creating misunderstanding between India and China, pointed to the winds of change in Moscow and to the beneficial effects of Mr Gorbachev's thinking on Sino-Indian relations.

The preparatory steps taken in the run up to the summit had had a crucial bearing on the situation in India's neighborhood. China, as is known, set three conditions for talks between the top Soviet leaders—Soviet withdrawal from Afghanistan, similar pullout from Cambodia by Vietnam, described as Moscow's proxy and reduction in tension on Sino-Soviet borders. Moscow fulfilled these conditions. The withdrawal of Soviet troops from Afghanistan, completed on February 15 and of the Vietnamese soldiers from Cambodia, expected to be over by the end of September, opened up new possibilities for peace and normalcy in the region. It is a different story that Afghanistan was plunged in a civil war subsequently. In Cambodia, however, the outlook is encouraging, with India getting ready for a role in bringing about a political settlement there.

As on important occasions in the past, a senior Soviet leader—perhaps, the Deputy Foreign Minister, Mr Igor Rogachev, the architect of the Sino-Soviet understanding—will come here to brief the Indian leaders on the outcome of the Beijing summit also mooted is the idea of a Moscow stopover by the Prime Minister, during his visit to Paris in the middle of July to attend the bicentennial celebrations of the French revolution.

**Recent Trends in Indo-Soviet Trade Reviewed**  
46001492 Calcutta *THE TELEGRAPH*  
in English 27 Apr 89 p 9

[Text] New Delhi, April 26: Indian engineering exports to the USSR may touch the Rs 600-crore mark this year indicating a significant change in India's export basket to the Soviet Union. According to an Associated Chambers of Commerce and Industry of India (Assocham) study "Recent Trends in Indo-Soviet Trade."

According to the study, the quantum jump in the trade turnover from Rs 1.3 crores in 1953 to over Rs 5000 crores last year fully reflects the structural changes in the composition of the trade.

In India's export to the USSR, the share of agricultural products such as tea, coffee and black pepper has decreased. Although in absolute terms they continue to increase. On the other hand, the percentage of manufacturing goods has substantially gone up.

India's engineering export to the Soviet Union has shown large increases in absolute value terms and also as a percentage of total exports. It increased from Rs 28 crores in 1981 to Rs 480 crores in 1988. The engineering goods being exported by India include automobile storage batteries, aluminum power cables, wire ropes, machine tools, castings and forgings, freight containers, electrical equipment, water purifying plants, etc. The exports of chemicals and allied products as also leather and leather goods has also shown a marked increase.

The structural change in the Indo-Soviet trade is also clearly visible in India's imports from the USSR. In the early years India imported from the Soviet Union capital goods, which mainly included plant and machinery. However, the picture has undergone a big change with larger imports of intermediate goods and raw materials like steel, coal, fertilizers, oil, asbestos, etc. On the other hand the share of heavy machinery, plant and machinery, etc. has declined.

The study dispels the impression that India's exports to the USSR have resulted in "trade diversion" rather than "trade creation." The fact, however, is that India's exports to Soviet Union have not only led to trade creation but also contributed to the diversification of India's exports.

Though 80 percent of India's exports to USSR is accounted by the private sector, its share of imports from USSR is less than a third of the total. The doubling of the trade turnover to Rs 10,000 crores under the Indo-soviet trade plan for 1986-90 would require more active participation by the Indian private enterprises.

Indo-soviet trade is developing against the background of dynamic changes in the economies of the two countries. Several ministries, government departments, industrial associations and enterprises in USSR have been now given the right to directly conduct import-export negotiations with foreign companies. Soviet Association for Business Promotion with India has been set up to render assistance to Soviet as well as Indian public and private sector enterprises.

The Assocham study has suggested setting up capacities in India based on Soviet natural resources in consumption goods, e.g., paper, establishing units in the Soviet Union to process Indian mineral wealth, e.g., iron ore, using Indian skills to improve soviet agriculture and Soviet skills to modernize India's infrastructure, exploration of Soviet market for two and three wheelers,

supply of Indian components for modernizing the spinning sector of Soviet textile industry, allowing independent bodies to undertake market research in the Soviet Union.

### **India Objects To Tone of Sri Lanka Communiques**

46001488 Madras *THE HINDU* in English  
18 May 89 p 1

[Article by Thomas Abraham]

[Text] Colombo, May 17. The Indian High Commission has reacted strongly to the anti-Indian tone of the Sri Lankan Government communiques that have been issued at the end of each of the current round of talks with the Liberation Tigers of Tamil Eelam [LTTE].

In a statement today, the High Commission said that "it noted with regret the Sri Lankan Government communiques conveying the views of one party to the talks over the role and function of the Indian Peace Keeping Force [IPKF] in Sri Lanka and casting unwarranted aspersions on it."

The statement noted that the Government communiques "had made no references to the circumstances in which the IPKF had come to Sri Lanka, the immense difficulty of its task and the enormous sacrifices it has been making in an attempt to preserve the unity and integrity of Sri Lanka."

"It was our impression that the purpose of the current talks was not to provide a propaganda forum but to address themselves to the objective of bringing all concerned into the democratic process by giving up violence and accepting a commitment to the unity and integrity of Sri Lanka."

The Indian response follows a series of Government communiques issued after the current discussions which began last Thursday, in which the LTTE has been sharply critical of the Indian presence in the North and East and has focussed on human rights violations, arrests and deaths of persons in custody.

India-bashing: The communiques have given wide publicity to the LTTE charges and the talks have, in fact, become a forum for India-bashing. In yesterday's talks, for instance, the LTTE delegation devoted itself to criticizing of an interview that the Indian High Commission, Mr Lakhan Lal Mehrotra gave to two local newspapers on Sunday. The High Commissioner had talked about the IPKF's mandate and performance, which the LTTE delegation described as "a total misrepresentation of the situation in the North and East."

Three quarters of the statement, issued at the end of yesterday's talks, consisted of a harsh attack on the what the High Commissioner had said and charged him with trying to "promote controversies and divert the attention of the people from the burning issues facing the country."

One of the Indian aims during these talks has been to ensure that they do not degenerate into a propaganda forum. But the record of the past week has shown that the LTTE has been getting wide publicity in the media, especially in the state-run TV for their charges against the IPKF.

The agenda for the talks has not been made public yet, and there is no indication that either side has got down to discussing the core issues that will decide the success or failure of the talks, the willingness of the Sri Lankan Government to increase the amount of power devolved to the Tamil areas, the issues of colonization and the permanent merger of the Northern and Eastern Provinces, and the willingness of the LTTE to lay down arms and accept to unity and integrity of Sri Lanka. No talks were held today, and they are expected to resume tomorrow.

**Militants killed:** In the North and East, the IPKF-LTTE fighting continued with the IPKF reporting that three militants were shot dead in Puthur when they tried to escape from IPKF custody. Exchanges of fire were reported from Urumpirai and Koddikammam in Jaffna peninsula and Kadalparicham in Trincomalee.

#### **PTI, UNI report:**

**Not an occupation force:** An official spokesman for India, said New Delhi has taken strong exception to the reported remark by the LTTE Political Adviser, Mr A. Balasingham that the IPKF was performing the role of an "occupational army". There was no question of India acting in any such manner, he said describing Mr Balasingham's observations as "falsification of facts."

The spokesman said these were "intimidatory" tactics adopted by the LTTE interested in seeing IPKF out of Sri Lanka. This practice also characterized the inherent contradictions in the LTTE which professed to talk peace but its actions were always on the contrary.

**LTTE warning:** According to Tamil sources, the LTTE has warned the people of Jaffna Peninsula not to have any dealings with the IPKF. Posters had appeared in the peninsula, threatening to kill anyone who did not heed the warning.

The LTTE, has also asked the authorities at the Jaffna Kacheri to get the IPKF out of the Kacheri premises. If they could not do that, the offices should be shifted.

**Surprise move:** In a surprise move, the North-Eastern Provincial Council, controlled by the Eelam People's Revolutionary Liberation Front (EPRLF), today adopted a resolution supporting the "democratic struggle" of the students and teachers in Jaffna.

The students have been on a week-long class-boycott campaign to protest against the killing of a student by unidentified men last week and the IPKF operations.

The EPRLF Secretary-general, Mr K. Padmanabha has condemned the Sri Lankan External Affairs Minister, Mr

Ranjan Wijeyratne's announcement that a ruling UNP [United National Party] MP [Member of Parliament] would supervise and monitor the rehabilitation work in eastern districts. It was an encroachment on the Provincial Council's powers.

#### **Congress-I Plans Strategy for Election Campaign** *46001477 Calcutta THE TELEGRAPH* *in English 4 May 89 p 1*

[Article by Sandhya Jain]

[Text] New Delhi May 3: The Congress-(I) will highlight the communal question and the Nehruvian concern for the economic well-being of the poor and backward sections while upholding the validity of the trends towards economic liberalization as part of its strategy for the coming elections to the Lok Sabha.

The new strategy has been discussed at the highest levels of the party and may be launched at the AICC(I) [All India Congress Committee-I] session on May 10 and 11.

The party views communalism as the greatest menace at present and proposes to revive the Prime Minister's 15-point programme to alleviate minority fears. The steps taken by the present regime to promote minority recruitment in central services will be highlighted. For instance, in the central police organizations alone, 17,000 persons belonging to minority communities were given employment between 1984-88.

Special recruitment drives, coaching programmes and special orientation courses are being organized in areas where there is a concentration of minorities by banking and other organizations so that their members can compete effectively in public examinations. School textbooks that tend to rouse communal instincts will be corrected. Banks will be asked to give loans in minority-concentration districts.

The party is expected to make capital out of Janata Dal president, Mr V.P. Singh's failure to attend the meeting of Left parties against communalism in April. He also refrained from criticizing the Vishwa Hindu Parishad, the RSS [Rashtriya Swayamsewak Sangh] and the BJP [Bharatiya Janata Party] on the Babri Masjid-Ram Janmabhoomi issue. The Congress(I) hopes that the Babri Masjid issue will soon be out of the way once the court gives its ruling.

The party is also critical of the CPI(M) [Communist Party of India-Marxist] for its willingness to go in for an alliance with the Janata Dal which in turn is likely to join hands with the BJP. Congress leaders point out that while on one hand the CPI(M) has taken a stand against communalism, on the other it is willing to enter into an indirect alliance or seat adjustment with the BJP which the Congress regards as a communal organization.

**New Regional Party Established in Uttar Pradesh**  
46001474 *New Delhi PATRIOT in English*  
2 May 89 p 8

[Text] Three hill organizations associated with the "Uttarkhand movement" in Uttar Pradesh have decided to merge to form a new regional party called "Uttarkhand Jansangharsh Vahini" to intensify their struggle.

In a joint meeting of representatives of the three organizations at Dehradun yesterday, "Uttarkhand Jan Parishad", "Uttarkhand Pragatisheel Yuva Manch" and "Uttarakhand Sangharsh Vahini" agreed to unitedly fight for their demands.

The new party would give its "full support to the left and democratic forces in their fight against the ruling party", a press release of the newly formed party said.

The "Uttarakhand Kranti Dal"—an independent hill party—has welcomed the merger move and also extended its cooperation to the new hill party, the press release added.

The new hill party would discuss the modalities of its constitution and the course of its strategy as regards the hill movement in a meeting scheduled to be held on June 17-18, the release said.

**New Indigenous Aircraft Carrier Ready by 1997**  
46001483 *Madras THE HINDU in English*  
14 May 89 p 3

[Text] Visakhapatnam, May 13. The proposed aircraft-carrier for the Navy to be built by the Cochin Shipyard, will be ready by 1997. The vessel, with fully indigenous materials, is only a replacement for the aging INS Vikrant and not a third aircraft carrier, according to Admiral J.G. Nadkarni, Chief of the Naval Staff.

Talking to newsmen today Admiral Nadkarni, who was at the Eastern Naval Command to participate in the investiture ceremony, said the aircraft-carrier still in the conceptual stage, would be designed by the French collaborators for that purpose.

Though Pakistan was equipping its Navy with sophisticated equipment, he said the Indian navy "can always meet any challenge."

The Navy chief ruled out acquisition of any more nuclear-powered submarines like the INS Chakra. He said that INS Chakra was being used only for updating of knowledge and that it did not carry any nuclear weapon.

Admiral Nadkarni inspected a guard of honor and reviewed the parade at the impressive investiture ceremony. He also presented the Yudh Seva medal to four, Nao Seva Medals to 18; and Vishisht Seva Medals to 17. The Capt Ravi Dhir Memorial Gold Medal and the Lt V.K. Jain Gold Medal (both for 1988) were also given away.

**Union Home Ministry Assesses Communal Situation**  
46001479 *Calcutta THE STATESMAN in English*  
5 May 89 p 9

[Article by Kanchan Gupta]

[Text] According to the Union Home Ministry's assessment, "the communal situation, which had shown improvement during the latter half of 1987 and the first quarter of 1988, started deteriorating in April/May 1988 when communal incidents occurred at Aurangabad, Paithan, Bidkin (all in Maharashtra), Behrampur (West Bengal), Bidar (Karnataka), Muzaffarnagar, Aligarh, Khatauli and Faizabad (all in Uttar Pradesh)". The Ministry feels that the "Ram Janambhoomi/Babari Masjid issue considerably heightened the communal tension and riots at these places in Uttar Pradesh could mainly be attributed to this one single factor".

The prevailing situation can well be gauged from the Home Ministry assessment last year when it said that "the communal situation has remained comparatively peaceful except for the riots in Uttar Pradesh, Gujarat and Delhi during April-June 1987". Available statistics show that there were 764 riots in 1986 in which 418 people were killed and 5,389 injured; there were 711 riots in 1987 in which 383 people were killed and 3,860 injured; in 1988 there were 610 riots in which 223 people were killed and 3,120 injured. These are, of course, Government statistics.

Strangely enough, though there has been a gradual, but alarming, deterioration in the communal situation, the last time that the Government thought it fit to discuss the issue at a high level was in 1987 when the Standing Committee of the National Integration Council [NIC] met on June 23. (The Prime Minister announced in Parliament on Wednesday that the NIC will meet to discuss the communal situation, but he did not give any date.)

The NIC Standing Committee had considered the recommendations of the Haksar Committee, which had suggested in its interim report the "creation of a consciousness of Indian nationhood through consistent and persistent efforts through educational processes, media projections, political processes and processes of economic development and evolving of a broad conceptual framework within which programmes could be designed to promote national integration systematically and in a sustained manner...". The interim report was accepted by the NIC and circulated for "Further discussion". Period.

During 1988 the Union Government's official role has been limited to "remaining in constant touch with the concerned State Governments, who were assured that for maintaining communal peace and harmony whatever help and assistance were required would be provided with utmost speed and promptitude". This lofty claim of the Union Home Ministry is in stark contrast to what the

Prime Minister told Lok Sabha on Wednesday. According to him, while communalism is a national problem, law and order is a State subject and the State Governments have to ensure the protection of minorities.

That, of course, is easier said than done. For instance, various commissions of inquiry set up to probe the causes of communal conflagration have suggested the raising of a multi-religious police force, especially in Uttar Pradesh and Bihar where the PAC [Provisional Armed Constabulary] and the BMP [Border Military Police?] are known for their communal bias. But precious little has been done to remove the stigma from these forces which are given the task of controlling riots. Similarly, another common recommendation, looking after the educational and economic interests of the minorities, remains a far cry.

According to Union Home Ministry sources, most often recommendations and conclusions put forward by commissions of inquiry are put on record and then allowed to die a natural death. Officially, these recommendations/conclusions are described as "useful for promoting communal harmony". Since there seems to be no improvement in the situation, it can be concluded that though useful, the recommendations are not put to use.

Some of the recommendations made from time to time are as follows:

- Improvement in the working of the intelligence system for gathering information about communal activities. The information should be "reliable and advance".
- Local administration should "take adequate measures for prevention of disturbances on receipt of information about any apprehension of communal disturbances".
- The Government should "exercise greater selectivity in posting of magistrates and police officers to communally sensitive areas... Severe action should be taken against officers who fail to take preventive measures against occurrence of communal riots and when such failure indicates negligence on their part".
- Collective fines be imposed at places where communal riots occur and punitive tax should be imposed to recover cost of deploying additional police forces in such areas.
- "Political parties should change their attitude in approaching the people for their gain, especially at election time. They should not exploit communal feelings for their purposes.

What has been the fate of these recommendations? They have been "compiled by the Government and sent to all the States and Union Territory administrations for guidance and suitable action". Period.

Most often commissions of inquiry are promptly set up to assuage the bruised feelings of the people and to silence criticism both in the Press and by the Opposition. But as soon as the furor dies down, the Government

negates the efforts of the inquiry commission, by "granting" extensions. A stage comes when people forget about the riot and the commission set up to inquire into its causes and to fix responsibility.

For instance, the judicial inquiry into the Maliana massacre, headed by Mr Gursharan Lal Srivastava, retired Judge of Allahabad High Court, ordered by the Uttar Pradesh Government on June 29, 1987, is "still considering various evidence and has not yet submitted its report to the State Government". In the meantime, the then Chief Minister, suspected to have helped fan the riots, has been removed from Lucknow and given a berth in the Union Cabinet.

The three-member committee, headed by Mr Gyan Prakash, appointed by the Uttar Pradesh Government to probe the various aspects of the Meerut riots of May 1987, submitted its report on September 18, 1987. The State Government, however, "has not considered it expedient to place the report of the committee before the Legislature".

Similarly, the reports of the Saxena Commission and the Pareikh Commission, appointed by the Uttar Pradesh Government to inquire into the communal violence which erupted at Moradabad in 1980 and Meerut in 1982, have not been placed before the State Legislature. Is the Government trying to hide its complicity in the riots by not placing the reports in the House?

The commission set up to inquire into the causes of the Bidar riots of September 14 and 15, 1988, was to submit its report within three months. But now its term has been extended up to July 25, 1989.

It is not always that reports are suppressed. There are other ways of rendering an inquiry infructuous. For instance, it took such a long time for the Gujarat Government to finalize the terms and conditions of the Jaswant Singh Commission set up to inquire into the violence which occurred in Ahmedabad from July 9 to 18 in 1986 in connexion with the Rathayatra procession, that the Government decided "it would be infructuous to proceed with the inquiry" and wound up the commission.

### **Lok Sabha Speaker Accused of Connivance in Fodder Scandal**

#### **Opposition Writes to President**

46001489 Calcutta THE TELEGRAPH in English  
17 May 89 p 1

[Text] New Delhi, May 16: Nine Opposition MP [Member of Parliament]s have sought the President's intervention in asking the Lok Sabha Speaker, Mr Balram Jakhar, to step down because of his "involvement" in the fodder scandal and his "inadequate clarifications" to the House on the issue.

In a four-page letter to Mr R. Venkataraman today, the Opposition leaders sought a probe by the comptroller

and auditor-general into the fodder controversy including Mr Jakhar's role in it. They said the Speaker should be asked to step down till the CAG [Comptroller and Auditor General] absolves him of the charges.

The letter said "leading newspapers and eminent personalities" had seriously questioned the propriety of the Speaker's conduct and the "weighty observations" could not be rushed aside by the "accident of a brute majority in the House on which Mr Jakhar seems to rely."

The letter said: "Beyond the walls of Parliament House there is the country and the world at large. Nothing less than the authority, prestige and credibility of Parliament itself are involved. As President you are part of Parliament and we thought it right to draw your pointed attention to the matter.

"We ask for two things: let the CAG investigate and establish the facts and let the Speaker stand down until the CAG submits his report and the House is in a position to discuss it. The CAG may be asked to make his report available by the first week of the next session of Parliament."

The signatories to the letter were Mr V.P. Singh, Mr Somnath Chatterjee, Mr C. Madhav Reddy, Mr Amal Datta, Mr V. Kishore Chandra Deo, Mr Vijay Kumar Yadav, Mr Piyus Tirkey, Mr G.G. Swell and Mr Amar Roy Pradhan.

They said the Speaker had not been able to "fully absolve" himself of alleged charges that he played a role in the "grant of exemption from custom duty of about Rs 3.5 crores to a commercial combine of Sanjeevani Fodders and Fometa India of a foreign national, John R. Brady; of false affirmation by the Speaker's organization, the Bharat Krishak Samaj," and the defrauding of the country of about \$3.6 million in foreign exchange. [The finance ministry is inquiring into the alleged scandal relating to fodder producing machines received by the Bharat Krishak Samaj as gifts, according to the parliamentary affairs minister, Mr H.K.L. Bhagat, reports UNI.]

The letter said the Speaker had admitted that he recommended exemption on the ground that the fodder-making machines would be gifted to the Bharat Krishak Samaj.

"Published reports, however, do not bear out the Speaker's claim. Fometa-Sanjeevani had borrowed loans from financial institutions in foreign exchange to import 50 Brady machines (actually 56 were imported)."

### **Jakhar Meets With Opposition**

46001489 Madras THE HINDU in English  
9 May 89 p 1

[Text] New Delhi, May 8. The Government will look into the controversial agreement between Bharat

Krishak Samaj and Sanjeevani Fodders Production Private Limited and Fometa India Machines Private Limited for the supply of 50 imported fodder making machines and report back to the Speaker of the Lok Sabha, Mr Balram Jakhar. If necessary, the matter would be placed before the House.

This was decided at a meeting of nine leaders of Opposition parties with the Speaker in his chamber this afternoon. Mr H.K.L. Bhagat, Minister of Parliamentary Affairs, and his Minister of State, Mrs Sheila Dikshit, took part.

Informed sources said that apart from clarifying that he was not involved in any "irregularity" in the import of these high quality machines, Mr Jakhar told the Opposition leaders that he had recommended the machines to the States because of their proven quality on the advice of an expert in farm equipment.

Mr Somnath Chatterjee (CPI-M) [Communist Party of India-Marxist] said at the meeting that it was not their case that Mr Jakhar was involved in any irregularity. They were pressing for a public clarification because the high office of the Speaker had been dragged into a controversy, affecting the dignity of Parliament. Hence it was necessary that the Speaker issued a clarification in the House.

Mr Indrajit Gupta (CPI) [Communist Party of India], Mr G.G. Swell (Cong-I dissident), Mr V. Kishore Chandra S. Deo (Cong-S) and some others made the same point in different words. Some of them were stated to be in favor of a House committee.

There was also an attempt to explain that Mr Jakhar had written to Chief Ministers in his capacity as chairman of the Bharat Krishak Samaj but it was pointed out that the recommendatory letters were typed on the Speaker's official stationery.

The thrust of the allegation was that on the strength of the Speaker's recommendation the importing company had secured customs duty exemption to the tune of Rs 3.6 crores. The entire money had gone into private pockets. Though supposed to be used by the Bharat Krishak Samaj for demonstration and training purposes, the machines were actually hypothecated to third parties.

### **'Did It in Good Faith'**

The Speaker said that whatever he had done was in good faith; he had not himself seen the agreement that was entered into by the Bharat Krishak Samaj with the supplier and the importing agency. Since the Opposition leaders were not satisfied with the explanation, it was decided that the Government would examine the matter.

Others who took part in the meeting are Mr Madhu Dandavate (Janata Dal), Mr C. Madhav Reddy and Mr

Raghumma Reddy (TD) [Telugu Desam], Mr Piyus Tirkey (RSP) [Revolutionary Socialist Party] and Mr Amar Roy Pradhan.

Earlier in the day the Speaker, making his first reference to the controversy in the House since it erupted last Tuesday, said that immediately on receiving letters from two MP [Member of Parliament]s, he called the Opposition leaders and placed the facts before them. He was under the impression that they were fully satisfied so far as his position was concerned.

In a similar situation, he recalled, one of his distinguished predecessors had made the following announcement in the House: "If I have done any of these things, certainly I should not be here in the Chair. I want it to be clarified. Therefore, besides the two members who have given notices—Mr Hem Barua and Mr Bagri—I would request some other leaders of the Opposition also to join in that group which I will request to see me, I will place all the facts before them."

Mr Jakhar said that he had acted in the light of the precedent and invited the Opposition leaders for explaining his position. Subsequently the same day, he had got another letter signed by some members (suggesting that he give a clarification in the House). He requested them to see him once again so that they could place "all the fact connected with my position before them and answer any and all the questions that they may pose to me."

Mr Jakhar assured them that if they were not satisfied even after discussing the matter with him a second time and wished to raise it on the floor of the House, they would be free to do so under the rules by bringing forward a motion for his removal. If necessary, the rule requiring 14 days notice to take up such a motion could be suspended. "I am a servant of the House and place myself fully in the hands of the great House."

#### PTI reports:

An MP, who did not want to be identified, said that since the Speaker had acted in good faith seeking exemption from customs duty for the import of the machines in the interest of farmers, it was necessary that the entire truth come out.

#### Paper Reports on Developments in Indo-Soviet Trade

46001470 Madras *THE HINDU* in English  
22 May 89 p 7

[Text] New Delhi, May 21. A mid-year review of Indo-Soviet trade is scheduled to take place in Moscow early next month, to be followed by a visit of a large private sector delegation with multi-interest representation to the Soviet Union. The review will assess the trends this year.

A record bilateral target of Rs 7,000 crores has been laid down in the annual trade plan for 1989. This represents

a 35 percent increase over the 1988 achievement of over Rs 5,200 crores and attempts are being made by the two countries to see that it is reached.

While the Commerce Secretary, Mr Amar Nath Verma, will lead the official delegation to the meeting of the Working Group on Trade scheduled for the first week of June, the Commerce Minister, Mr Dinesh Singh, is expected to be in the Soviet Union in the middle of June, basically to return the visit of his counterpart to India. A large private sector delegation will be in that country from July 24 to 28 to hold trade meetings as well as to participate in a two-day seminar on doing business with India. A similar seminar with a larger agenda of trade with socialist countries was held recently in New Delhi, under the auspices of the Indo-USSR Chamber of Commerce and Industry and sponsored by the United Nations Conference on Trade and Development (UNCTAD).

Team members: The private sector delegation will be led by the President of the Federation of Indian Export Organizations (FIEO). Mr Ramu Deora, and will comprise members of trading houses, export houses, consultancy firms, banks, State export corporations and individual exporters. From the Soviet side, the visit is being sponsored by the USSR Exporters Association and the Soviet Association for Business Promotion with India. This is in pursuance of a memorandum of understanding between the FIEO and the USSR Exporters Association signed earlier this year.

The FIEO President was in Moscow recently and held discussions with the Chairman, the Deputy Chairman and the Director-General of the USSR Exporters Association. According to the Assessment of Mr Deora, the seminar on doing business with India is expected to evoke a wide-spread response in view of the opportunities for bilateral trade and the participation is expected to be upwards of 500 for the two-day meeting.

A similar seminar-cum-exhibition on the specific subject of drugs and pharmaceuticals has already been held in Moscow from May 10 to 12.

New initiatives: In view of the high bilateral trade target set for the current year and in keeping with the economic changes in both the countries a number of new initiatives have already been taken with regard to bilateral trade and economic cooperation. The qualitative change that has come about in the economic relations of the two countries is the shift from pure commodity exchanges to setting up of joint ventures and production cooperation programmes.

As of now, some 55 joint ventures are on the anvil covering a wide range of activities. The Soviet Union has also agreed to make fresh investment in India and about 24 items have been identified in this respect. These include butyl rubber, magnetic ferrite, computers, electronic components, transportation services and jute products. In respect of investment in the Soviet Union.



Moreover, some 30 hotels are to be constructed in the Soviet Union by 1995 and Indian companies have already bagged the contract for the construction of three hotels at Tashkent, Samarkand and Bukhara. The Modi group is also in the process of setting up a large wood pulp project in collaboration with the Soviets with a large investment of Rs 800 crores.

**Difficulties:** Into-Soviet trade, which has grown manifold over the years, ran into some difficulties with the excessive dependence of Soviet exports on a group of raw materials, the slow expansion of the range of exports and failure to put into wide practice the new promising ways of increasing the trade turnover. According to a consultant paper circulated at the New Delhi conference on trade with the socialist countries, it has become apparent that a further development and expansion of trade and economic cooperation will only be possible if a new qualitative dimension is given to it.

"Indeed, Indo-Soviet trade has now reached a level where conventional bartering can no longer help it grow. Faster trade growth between the two countries requires a wide exchange of modern technology and licenses, co-production, etc. The high level of development in industry, science and technology in the Soviet Union and India provides many opportunities for expanding cooperation," the paper notes. The structural changes in Indo-Soviet trade being introduced now are in recognition of this aspect.

#### **Papers Report, Comment on Defense Ministry Annual Report**

46001490 Bombay *THE TIMES OF INDIA*  
in English 8 May 89 p 12

[Article by K. Subrahmanyam]

[Text] In this age of satellite photography with 0.5 to 1 meter resolution and total monitoring of communication and electronic intelligence by outfits like the national Security Agency in the U.S. and GCHQ (General Communication Headquarters) in the U.K., the defence ministry's reluctance to take the country into confidence on the state of our armed forces is counter-productive.

Its annual report is a case in point. Most of it is repetitive from year to year except for the updating of figures. Even knowledgeable professionals have to try hard to extract nuggets of worthwhile information. This type of reporting denies our own policy-makers at the highest level a comprehensive and coherent understanding of our security environment and challenges, the totality of our defence capability in the current international environment, an understanding of the role of power and above all a sense of justified self-confidence.

#### **Significant Power**

A routine report on defence may have been justifiable in earlier years. Given the fact that India is now recognized as a militarily significant power and is spending a higher

percentage of GNP [gross national product] on defence, there is need for a qualitatively different report in this era of increasing glasnost of defence matters all over the world. The compilation of a series of chapters, drafted individually at undersecretary level without thematic coherence or policy orientation, does justice neither to Parliament nor to the Indian tax-payer. Some information is no doubt offered but in a form that robs it of significance.

The chapter on the army mentions, for instance, that a new family of small calibre weapon systems has been developed through our own R and D. This is a reference to rifles and light machine guns of 5.56 mm calibre to which most of the modern armies of the world switched some time ago. The lighter weapons mean that a soldier is able to carry more ammunition. The switch was long overdue, but raises the problem of what is to be done with nearly 1.5 million 7.62 mm automatic weapons with the army, as they are phased out over the next few years. Exporting those obsolescent weapons is one of them.

A similar problem will arise when the new Sarath (BMP) vehicle replaces the current armored personnel carriers. The new vehicle would need new doctrines and tactics since India, apart from the Soviet Union and a few advanced industrialized countries, is one of the first to incorporate this weapon system into mechanized infantry units.

In the section on the navy, particular interest attaches to the establishment of a mobile missile coastal battery in Worli. Also noteworthy is the development of a naval surveillance radar designed to buck up very fast and low flying sea-skimming missiles, another achievement of indigenous R and D. Such a radar, combined with a quick reaction missile incorporating terminal seeker capability or with very fast firing guns with heavy metal projectiles, will be the standard defence for ships in future against missiles like Harpoon, Exocet, etc.

In the Air Force section, the report coyly mentions that low-level quick reaction missiles are being inducted but they are not identified. International publications list them as SA-6, SA-7, SA-8A and SA-9, all Soviet missiles.

There is a reference in the section devoted to R and D to the development of Trishul and Akash surface-to-air missile systems. The introduction of Indra I and Indra II low-level air defence radar marks an important stage in our march towards self-reliance, comprising the capabilities of India's high tech defence R and D. The report also emphasizes flight safety, a matter of intense concern in view of losses of valuable young lives and costly equipment.

The output figures in respect of ordnance factories are somewhat misleading. For 1987-88, the gross value of production is given as Rs 1,862 crores. This is an inflated figure adding up the output of all factories. It is necessary to eliminate the double counting arising from interfactory transfers to give the net value of output of ordnance

factories as a whole. This figure is available in the budget document, and was only Rs 1142.57 crores in 1987-88.

In regard to orders placed by the ministry of defence on civil sector, mainly the private sector, the data in the report show a wide gap between the professions of the ministry and its practice. These orders have fallen from Rs 277.41 crores in 1986-87 to Rs 245.73 crores in 1987-88 and to a very low Rs 109.51 crores in the period up to February 1989. Since the orders precede supplies by two to three years, the fall in orders of last two years will lead to a lagged decline in procurement.

#### Gross Value

Sales of defence public sector undertakings totalled Rs 1865.56 crores, in 1986-87, Rs 2070.22 crores in 1987-88, and are estimated at Rs 2121.95 crores for the last year. But these are not for sales of defence equipment alone. As the report itself reveals, 40.55 percent in 1986-87 and 32.12 percent in 1987-88 were accounted for by items sold to civilian customers.

In the light of recent debate in the country on exporting defence equipment, it is interesting to note that exports of HAL [Hindustan Aeronautics Limited] are estimated at Rs 1.41 crores and of Bharat Electronics at Rs 3 crores in 1988-89. The exports of Bharat Earth Movers of Rs 53.64 crores relate to earth moving equipment, a civil engineering item. That gives an idea of the magnitude of the problem of defence exports.

The most important chapter in the report is about R and D. It mentions in barest detail a host of projects, among them the LCA (Light Combat Aircraft), the Arjuna tank, pilotless target aircraft, satellite image processing and communications with portable terminals, passive night vision devices for rifles and LMGs, electronic warfare systems, omnidirectional low frequency sonobuoy system, and conversion of an ordinary torpedo to a passive and active homing torpedo. These constitute an impressive list of achievements and efforts under way.

Among the more significant achievements are the Prithvi surface-to-surface missile and the far more ambitious Agni, though the latter has not been mentioned. There is a reference to work on a multibarrel rocket system for providing saturation fire effects with quick reaction time and high mobility. These systems in their normal configurations are already available from various countries for licensed production. One wonders whether the work relates to providing the rockets with longer range multiple categories of warheads in which case it would be a major R and D achievement.

The thematic incoherence of the report is highlighted by a summary of achievements which obviously has been added as an afterthought. It mentions cryptically the emphasis laid on force multipliers in the army, including the introduction of sophisticated command, control, communications and intelligence systems and electronic warfare capability. While it is justifiable to keep the latter under wraps, a more detailed account of the former

would be justifiable if linked up with lessons learnt from the exercise "Brasstacks." That would have also helped to explain why such costly exercises are necessary.

#### Job Reservation

The report is a confession of failure of the ministry of defence to do justice to ex-servicemen. Approximately 50,000 other ranks and 1,200 officers retire annually, according to the report. In the last three years Central government departments, public sector undertakings, nationalized banks, para-military forces, defence security corps and ordnance factories all together recruited on an average of 9,600 ex-servicemen a year, or less than 20 percent. The report also mentioned that while this is the position in regard to resettlement of ex-servicemen by Central government agencies, the job reservation in the states varies from two percent to 20 percent. In a few states where the reservation for weaker sections already exceeds 50 percent, ex-servicemen do not get any reservation at all. It is quite obvious that their training, skills and discipline are not being adequately used for national development.

Army aid to civil authorities for maintenance of law and order has been widely commented upon by writers both at home and abroad. While the report does not give the number of specific instances, the army was called upon in 1988-89 to assist civil authorities for maintenance of law and order only in four states (Gujarat, J and K, U.P. and Assam) and in counter-insurgency operations in Tripura which have happily ended. On the other hand the Army and Air Force assisted in maintaining essential services and relief operations during national calamities in 11 states and Union territories. That should correct misgivings of people worried about an increasing involvement of the armed forces in maintenance of law and order and restore a balanced perspective.

#### Details on Missile Plan

46001490 Bombay THE TIMES OF INDIA  
in English 30 Apr 89 p 3

[Text] Bombay, April 29. The Defence Research and Development Organization (DRDO) has finalized the major technology elements of Akash, a surface-to-air missile and Nag, a third generation anti-tank missile system.

At present, the ground versions of these missile systems are being evaluated and further work about their development flights are being planned.

Giving details about the prestigious Integrated Guided Missile Development Programme (IGMDP), the defence ministry's annual report for 1988-89 states that after the successful first flight test, the design of various missile sub-systems of Prithvi, a surface-to-surface tactical battlefield missile, has also been finalized.

Proving flights for Trishul, another surface-to-surface missile, with the ground systems have also been planned

by DRDO. A wheeled version of Trishul for multiple-launch capability is also being considered, the report states.

Conceptual studies have been carried out on the configuration for the hypersonic aerospace plane which can operate in dual propulsion mode, initially air breathing and later in rocket propulsion mode, using the on-board liquified oxygen collected from the atmosphere.

When the project was announced last year at the International Astronomical Conference at Bangalore foreign aerospace experts poo-hooed the idea and said that it was not workable.

According to the report, Hindustan Aeronautics Limited (HAL) had made substantial contribution towards the Prithvi missile project. The missile, incorporating 52 major structural items manufactured at the Bangalore complex of HAL, and the actuators, developed by the Lucknow division, was successfully launched in February 1988.

The project definition phase of the light Combat Aircraft (LCA) programme has been completed and plans for the development phase have been evolved. Selection of vendors for the development of sub-systems and components will be completed soon. Work has also been started on the development of technologies for the aircraft's avionics, cockpit display and flight control systems.

The Pilotless Target Aircraft (PTA) is in the final stages of developmental flight evaluation which would be followed by trials. An indigenous flight simulator for the Ajeet aircraft has been evaluated and handed over to the users.

In addition to undertaking work on various aerospace projects, HAL has been diversifying into other areas.

#### **More on Rocket Development**

46001490 *Madras THE HINDU in English*  
19 Apr 89 p 9

[Text] New Delhi, April 18. Reference to an as yet unknown programme to develop a multi-barrel rocket system (MBRS) has been made in the latest Annual Report of the Ministry of Defence made public here yesterday. The programme, covered in a shroud of secrecy until now is being run by the Defence Research and Development Organization (DRDO) which is also conducting the successful "Prithvi" programme for battlefield support missiles.

The report baldly notes that work on the Multi Barrel Rocket System (MBRS) is in progress. This system, termed SS-45 so far, pertains to the effort to make a contemporary multi-barrel rocket system that has been used with devastating effect by the Soviet Red Army since 1945. The system, which provides saturation fire at ranges of 20-30 km, is increasingly being viewed favorably by many countries. Currently the Indian Army

fields the 24-barrel, truck-mounted 122-mm rocket system called the BM-21 made by the Soviet Union.

No clear parameters of the MBRS are available but they could vary from 225-mm rockets, fired through 12 tubes mounted on a tracked vehicle, or even heavier rockets fired through half the number of tubes which can be loaded automatically. It is believed that the intention is to provide a system that can fire at targets anywhere between 40-50 km. The goal is to provide a system that can hit targets beyond the range of the Bofors' howitzers which is 24-32 km and less than that of the Prithvi which is 150-250 km.

The U.S.-made MLRS system, for example, can in less than a minute fire a salvo of rockets sequentially to saturate a target area of the size of six football fields, 18,000 to 24,000 sq.m. The rockets have traditionally carried high explosives, but the trend is toward delivering hundreds of bomblets per rocket over the area.

A variety of munitions can be deployed including anti-armor and anti-personnel bomblets. According to specialists, one salvo of 12 rockets in one minute can have the effect of 20 numbers of 155-mm. Bofors howitzers firing four rounds per minute.

The MBRS type systems can go in and out of action, i.e., "shoot and scoot" with considerable rapidity. At their heart are new digital fire control and data systems which enables it to switch from firing targets deep in enemy territory to direct fire support. Their main purpose is to devastate the adversary's artillery assembly and base areas as well as surveillance equipment.

#### **Regional Security Situation Noted**

46001490 *Calcutta THE STATESMAN*  
in English 18 Apr 89 p 7

[Text] New Delhi, April 17. While expressing optimism for an improved global and regional security environment, the latter especially after Mr Gandhi's visit to Pakistan and China, the Ministry of Defence has reiterated the need for constant caution and vigilance in the protection of the nation. Its annual report, released today, draws attention to disquieting developments in the immediate neighborhood.

The chapter of the report entitled "National Security Environment" is generally considered to be the most authentic account of India's defence perception. And it makes it quite clear that despite the hopes of improved relations with China and Pakistan, action on the ground by both these nations indicate that there has been no let-up in the militarization of the region.

"China has continued to make progress in its modernization programmes, including its military capabilities. Significant progress in upgrading military technology, professional capabilities, and combat potential is claimed by the People's Liberation Army. The expansion of Chinese naval capabilities, especially with respect to power projection, was noteworthy.

"China continues to augment its military infrastructure and logistics in Tibet, apart from maintaining significantly high force levels generally, and inducting qualitatively superior equipment. It also claimed to have successfully exercised its military formations in different aspects of combat—including chemical warfare—in Tibet.

"There are some other disquieting features as well. China resorted to the use of force in trying to resolve the dispute concerning the Spratly islands. Its policy of arms supply to the countries of southern Asia has the potential to adversely affect the security environment in the region.

"China's sale of intermediate-range ballistic missiles to Saudi Arabia has also been a matter of some concern".

The report then goes on to mention the reasons for optimism for improved ties with both China and Pakistan, listing some of the agreements reached when the Prime Minister was there. It would view those developments as having established a base upon which something might be built.

Turning to Pakistan, the report says the country's "weapons-oriented nuclear programme and its ongoing military build-up continue to cause concern". It criticized the USA for remaining committed to supplying Pakistan with military hardware, despite its dubious nuclear policy.

Along with a substantially quantitative expansion of its forces, Pakistan has been acquiring sophisticated weapon system in its quest to achieve qualitative advantages in the region. Apart from acquiring high technology weapon systems from the USA and other Western sources. It has brought about a significant upgradation of its existing weaponry in collaboration with the USA, China, and other countries.

"Pakistan also continues its quest for highly sophisticated force-multiplier system, like the AWACS and major combat systems like the M- Abram (tank).

"The recent acquisition of naval missiles, which have a range of about 100 km, poses a potential threat to our vital on-shore and off-shore installations. This has compelled Indian to focus attention on anti-submarine defence.

The newly elected Government in Pakistan has enhanced by 9.9 percent the budgetary allocations for defence during the year, over the revised estimates for 1987-88. The Government views with concern reports about growing Pakistani security linkages with U.S. CENTCOM [Central Command] and also with its erstwhile CENTO [Central Treaty Organization] partners".

The report continues that Pakistan's support for terrorist activities directed against India, the large-scale drug traffic and extensive proliferation of arms—substantial portions of which are believed to have been diverted from U.S. supplies for Afghan resistance groups in

Pakistan—continue to cause grave concern. They tend to provide linkages between external and internal threats to our security".

Describing the situation in Burma as one of "serious upheaval" the report observes that "the present uncertain conditions have obvious security implications for India". Regarding Bangladesh, it assesses the situation as having stabilized, yet notes that "with the passage of the Bill of Islamization, the sense of insecurity among the minorities has increased. The Chakma refugee problem continues to remain unresolved".

### **Paper Reports Establishment of Board of Trade**

46001481 New Delhi PATRIOT in English  
9 May 89 p 9

[Text] The Government has constituted a board of trade to suggest ways to increase exports and minimize imports in consultation with trade and industry, reports UNI.

Commerce Minister Dinesh Singh and Minister of State P. R. Dasmunshi will be chairman and vice-chairman of the Board which will have a continuous dialogue with trade and industry in respect of major developments in the fields of international trade, an official release said on Monday.

The terms of reference of the board are:

- To advise the Government on policy measures for preparation and implementation of both short and long term plans for increasing exports in the light of the emerging national and international economic scenario.
- To review export performance of various sectors, identify constraints and suggest measures to be taken both Government and industry/trade consistent with the need to maximize export earnings and restrict imports.
- To examine the existing institutional framework for exports and suggest practical measures for reorganization/streamlining it with a view to ensure coordinated and timely decision making.
- To review the policy instruments, package of incentives and procedures for exports and suggest steps to rationalize and channel incentives to areas where they are most needed.

The 26-member board besides the chairman and vice-chairman, also includes Governor, Reserve Bank of India, Bombay, Secretary, Ministry of Commerce, Secretary, Department of Industrial Development, Finance Secretary, Special Secretary, MP [Member of Parliament]'s office (Mr M.S. Ahluwalia), president, FICCI [Federation of Indian Chambers of Commerce and Industry], president, Assocham, president, CEI [Confederation of Engineering Industry], and president, FIEO [Federation of Indian Export Organizations].

The board will have powers to co-opt additional members. The chairman of the board may also invite to the meetings of the board such other persons as may be considered necessary from time to time.

### **Papers Report on Situation in Jammu and Kashmir**

#### **Farooq Warns Pakistanis**

46001485 Calcutta *THE TELEGRAPH* in English  
8 May 89 p 1

[Text] Srinagar, May 7 (UNI): The Jammu and Kashmir chief minister, Dr Farooq Abdullah, today declared an open war on militants and warned Pakistan to desist from arming subversives or face the consequences.

Addressing an Id congregation at the sacred shrine of Hazratbal near here, he said if the Pakistan-trained subversives continued their militant acts in future, he would be compelled to use force, even the Army, to "crush them forever."

He said houses would be searched for militants and there should be no complaints later. "Anyone seen with guns in their hands will be shot dead," Dr Abdullah warned.

He said the Pakistan Prime Minister, Ms Benazir Bhutto, had given an assurance to the Indian counterpart, Mr Rajiv Gandhi, that she will not help Sikh terrorists. A similar assurance should be given by her with regard to Kashmir, he observed.

Dr Abdullah said those dreaming of making Jammu and Kashmir a part of Pakistan were "living in a fool's paradise." They would never succeed in their ugly designs, he added.

He said the subversives and their mentors should take note of how the "Khalistan" movement had died down. He would never allow a Punjab-like situation to develop in his state, he asserted.

The chief minister said tourism was the backbone of the state's economy. Because of the slump in tourism following violence, those who depend on the tourist trade had been harshly affected, Dr Abdullah said.

He asked shopkeepers not to heed the subversives' band call as his government would provide them protection in future.

'Farooq creating fear psychosis'

The Awami Action Committee chief, Mirwaiz Moulvi Farooq, today criticized the manner in which both the Center and the state government were trying to deal with the present situation in the Valley.

Addressing an Id congregation at the Jamia Masjid, he said the deployment to the armed forces and paramilitary personnel in the Valley had created fear among the masses, making the situation more explosive. He urged the Center to review the policy of "suppression" and

make a real and positive approach to restore the "shaken confidence" of the people by adopting a policy of "true democracy and justice."

Moulvi Farooq said detention of youth without trial was unconstitutional and undemocratic. Condemning the recent communal riots in some parts of the country, he urged the Center to curb such recurrences with an iron hand.

#### **Posters Against India**

46001485 Calcutta *THE TELEGRAPH* in English  
15 May 89 p 1

[Article by Yusuf Jameel]

[Text] Srinagar, May 14: Posters calling for "jihad"—(holy war) against India have appeared in Srinagar as the four-day general strike called by some secessionist organizations over what they call police atrocities entered the last day today.

In parts of the old summer capital city which have been the heartland of the anti-India trouble-makers, small crowds of people were seen reading the posters written in Urdu and pasted on the electricity poles and the shutters of the closed shops.

One of them had been pasted at an outer gate of the city's Jamia (grand) mosque. When this correspondent asked a youth who was reading the poster what he felt about it, he disappeared without saying anything. But two other youths were unanimous that "whosoever is writing and circulating these posters is doing the right thing. The message has to be communicated to all the people here and elsewhere in Kashmir."

The message of the poster is to "act before it is too late." It calls for a "jihad" against the "occupant forces"—that is the Indian army—who would some day "play with the honor of our mothers, sisters and daughters." It goes on to say, "Act before they do that. Tomorrow your hands will be tied and you will not be in a position to do anything." There was no one from the government to remove these posters. The muazzin called for the mid-day prayers and the crowds dispersed.

On the main road outside the mosque, dozens of armed Central Reserve Police Force (CRPF) men and those of the Kashmir police were deployed, many of them taking rest on the pavements. They were least bothered about the posters and the crowd which had assembled in violation of the prohibitory orders in force in this city of 800,000 for the past several months. Perhaps they did not want to provoke the crowd.

This correspondent was told at the nearby Nowhatta police station that the CRPF personnel were controlling the entire area and they were responsible for maintaining law and order. The local policemen would just guide them through the narrow lanes of the densely populated localities.

As we were talking to some policemen outside the police station which has recently become the target of the militants, a CRPF officer sitting in a jeep nearby ordered, "Stop it." But when we disclosed our identities, he quickly said, "Carry on."

The police have erected makeshift barriers in the entire city. Vehicles are searched and after dusk, people are stopped and asked why they are out of doors. It is only when the policemen are satisfied that they are allowed to proceed. In the past two days, massive combing operations have been conducted by the police in the localities along the Nallahmar road through the old city. A number of people have been arrested. They include low-level political activists, alleged harborers of militants and even relatives of absconding youths.

Residents have been complaining of police atrocities. Some people were forced to leave their houses while others left on their own. In front of the downtown Khanyar police station, trained commandos and police sharpshooters have taken up position atop the vacated houses as the militants have struck in this area with impunity in the past.

In Anantnag, Dr Qazi Nissar Ahmed bin Muhammad, leader of the Ummat-e-Islami, has last week announced that the people of the town had nothing to do with the general strike call issued by the Jammu and Kashmir Liberation Front (JKLF) and supported by half a dozen other anti India outfits. But the townfolk ignored his plea and instead a complete shutdown is being observed in Anantnag.

## IRAN

### Commentary Favor Improving Relations With China

46000148b Tehran KAYHAN INTERNATIONAL  
in English 11 May 89 p 2

[Text] The current visit to China by President Seyyed Ali Khamene'i and the high-ranking delegation accompanying him, apart from its diplomatic and political significance in light of Iran's strained relations with the West, should also be considered as a step in the right direction in terms of economics.

Majlis Speaker Ali Akbar Hashemi Rafsanjani's visit to China in 1985 was the first made by a top level official of the Islamic Republic to that country.

One wonders as to why the authorities of a revolutionary regime in Iran had overlooked the importance, rather the need, to improve relations between two countries sharing primary objectives. China, notwithstanding its Marxist ideology, is as opposed to imperialism as the Islamic Republic of Iran is.

The Chinese President Yang Shang Kun rightly pointed out welcoming his Iranian counterpart, that in recent

decades the two countries have been engaged in a constant struggle against imperialism and they have both partially succeeded in their campaigns.

In response Khamene'i stated that there was a new spiritual factor in mutual ties which is different from merely commercial relations. "We must look for the origin of this element in the Chinese Revolution and the Islamic Revolution in Iran," said Khamene'i.

As regards commercial relations, according to the official figures on the subject, mutual trade exchanges between China and Iran did not exceed US\$100m during the past eight months. It was also made known that concerned officials expect the volume of such exchanges would reach US\$600m. In view of these statistics, it can be asserted that very little attention was paid to improving commercial ties with China.

Of course Khamene'i must have been aware of this truth while he implicitly said that trade relations are a secondary matter. He talked about a new spiritual factor in mutual ties. If he had in mind closer cultural and political ties while uttering those words, then it should be stated here that unfortunately nothing much was done towards that end either.

The very fact that a high-ranking official of the Islamic Republic made a trip to China after about six years had past from the day the revolutionary regime came into power in Iran shows that our policy-makers were not seeing the world, we are living in today, with the correct, or at least, reasonably appropriate perspective.

Rafsanjani's 1985 trip is now, after about four years, followed by Khamene'i's. All signs are there that the Iranian statesmen have realized, though belatedly, that closer ties with a country which succeeded in reclaiming its due position in the international arena; despite all the obstacles in the way, are most desirable. Moreover, China's stance in the eight years of imposed war and its attitude towards Iran after it accepted Security Council Resolution 598 must be effective in making the Iranian officials rectify their outlook.

It should be noted that the recent attempts of the arrogant powers to initiate an anti-Iran stance at the Security Council after Rafsanjani called on the Palestinians to retaliate the Israeli brutalities reportedly failed because of China's refusal to see eye to eye with other members.

Nevertheless, the Iranian president's current visit to China should be looked at as a significant event. Significant not because there will be increased trade between the two revolutionary countries, but because there will be more understanding between them as regard the common factors shared by both. Of course, the real significance is that the Iranian statesmen have apparently come to the conclusion that some basic changes have to be effected in the foreign policy of the Islamic Republic of Iran.

### **Commentary Criticizes Government's Anti-Inflation Campaign**

*46000148a Tehran KAYHAN INTERNATIONAL  
in English 3 May 89 p 2*

[Text] In early March, Tehran witnessed the start of yet another cyclical and sputtering campaign to bring the nation's economy into an ordered existence. As of today, that campaign seems to have wheezed to a halt.

Three weeks before the start of the Iranian New Year (March 21), a spate of newspaper articles appeared in the Persian press accurately reflecting growing public exasperation with the increasingly high cost of living. The situation was exacerbated by the New Year, Iran's traditional season for buying gifts for the children and entertaining guests in the home. Talk of price gouging and wages not keeping pace with objective economic reality was rampant.

Things had reached such a pitch that on March 11, Majlis Speaker Hashemi Rafsanjani made an appeal to Imam Khomeini for his direct intervention in solving the riddles of inflation and unemployment. The Imam held his silence.

On March 14, Supreme Court Chief Justice Musavi Ardebili announced a new law to control prices and combat overcharging and hoarding. The High Council of Expedience engineered the new ruling and it was said that the relevant magistrates and revolutionary courts would enforce stringent measures against those who violate the trading regulations.

This announcement in its turn, provoked another torrent of radio, television, newspaper and man in the street commentaries. Abrar recommended exemplary executions alongside the drug-traffickers to curb the tendency of the Iranians thinking wealthy elites play a role in government administration.

Resalat come down on the side of greater free market policies as the antidote to what it viewed as the national consequence of strict state control. The daily characterized the situation as a centralized state system abusing poor people to the accompaniment of supportive stage slogans. Ettela'at suggested that the best way to handle pernicious inflation would be to curb imports and encourage domestic production.

On April 7, pursuant to his earlier announcement, Ayatollah Aredebili said 7,000 price inspectors were to be commissioned to control prices nationwide as per the provisions of the antiprofitteering and hoarding law. He noted that Islamic Revolutionary Courts and public prosecutors were authorized to handle related cases and issue sentences.

Two days earlier Prosecutor General Musavi Khoeniha, speaking in a press conference, had given what to date is probably the most prescient advice in the inflation war. He opined that overcharging cannot be solved by merely prosecuting profiteers. IRNA quoted him as saying, "Any

punitive steps taken against traders and shopkeepers is not a solution to the said crisis."

Kayhan Farsi of April 29 ran as its first title, "7,000 Special Inspectors Begin Controlling Profiteer's and Hoarder's Activities," on the day the program was to be implemented. A first page title of the next day gave a heavy hint of the confusion rampant in the anti-inflation campaign: "Hoarders and Profiteer's Continue to Disrespect the Law."

What Kayhan's reporter related after a visit to the Central Headquarters for the Punishment of Hoarders and Profiteers in Tehran makes painfully clear that official pronouncement and saber rattling aside, calibrated and concise instruments to control inflation are still non-existent. The correspondent said he witnessed no sign of any initiatives against profiteering and hoarding at the center. He was told there would be another press conference to explain the situation at a still unannounced date.

As for the 7,000 inspectors, on the day they were supposed to hit the pavement they simply vaporized. price rises did not follow suit however, as the offenders realized they were dealing with a paper tiger and gouged accordingly. Some shopkeepers even had the check to comply with the letter of the new stipulation by putting price stickers on their goods while flaunting the spirit of the rules by raising prices even higher.

One rule of thumb government officials would do well to remember before they restart the next cycle of the now moribund inflation war, is that the collective memory of the nation is perhaps longer than realized and rhetoric will never replace sound programming. Another point that comes to mind is the eternal Qur'anic question, "O ye who believe, why say that which ye do not do?"

### **Results of Plan, Budget Ministry Study Released**

*46400089b Tehran ETTELA'AT in Persian  
10 May 89 p 4*

[Text] Economic Service—The ten-year statistical report from the National Research Department has been published. It includes the percentage of credit paid to the gross national product and the government's budget, research costs per capita, the percentage of total research credit taken by university research credit, and the Research Department's number of projects and manpower.

Based on findings prepared from this report by the deputy minister of plan and budget for social affairs, in the year 1358 [21 March 1979 - 20 March 1980] research credit took 0.12 percent of the total gross national product, and it is estimated that in 1367 [21 March 1988 - 20 March 1989] this figure will reach 0.21 percent with the addition of about 0.09 percent compared to 1358.

The per capita research cost was about 205 rials in 1358 [21 March 1979 - 20 March 1980], and with an annual growth of about 18 percent, it is estimated this figure will

reach 906 rials in 1367 [21 March 1988 - 20 March 1989]. The percentage of research credit from the general government budget (from general revenues) was 0.37 percent in 1358, and with an increase of 0.81 percent it reached 1.18 percent in 1367.

Likewise the distribution of the research budget between current costs and the development budget shows that in 1358 [21 March 1979 - 20 March 1980] about 81.2 percent of the total research budget was spent on current costs, while the share of these kinds of costs reached 39.7 percent in 1367 [21 March 1988 - 20 March 1989]. It is worth mentioning that this change is due to the procurement of credit for the major portion of research projects from investment credits after 1362 [21 March 1983 - 20 March 1984].

Therefore, the report of the distribution of the nation's research budget among general affairs, defense, social affairs and economic affairs shows that during the period studied 60 percent of research credits were allocated for economic affairs. The share of all of these affairs, with an 11.5 percent increase over the year 1358 [21 March 1979 - 20 March 1980], reached 73.8 percent in the year 1367 [21 March 1988 - 20 March 1989]. The shares of general affairs and defense declined an average of two percent, and the share of social affairs, with a 13.3 percent decline from the year 1358, reached 21.8 percent in 1367.

The above report believes that the increase in all the research financial indicators is an indication of an increase in financial resources allocated to these affairs, and it is clear that even a high level of investment in research and expansion cannot alone guarantee the success and efficiency of research activities. Along with increased resource allocations, it must be determined whether or not research credits have been fully allocated to research and related activities, and the quality and efficiency of research conducted must be evaluated. In general, without careful planning and without designating the nation's general research directions and coordinating existing research activities, increased research credits from the nation's limited resources cannot guarantee progress in research activities.

#### University Research

According to this report, credits paid for university research in 1358 [21 March 1979 - 20 March 1980] were 1,239 million rials, and with an annual growth of about 18.9 percent it is estimated that this figure will reach 5,870 million rials in 1367 [21 March 1988 - 20 March 1989]. In 1358 the percentages of the total research budget and of credits for research in social affairs taken by university research were 16 and 46 percent respectively. It is expected that the first figure will reach 12 percent and the second 56 percent in 1367. In 1358 94 percent of these credits pertained to current costs, six percent to investment costs, and it is estimated that in 1367 these figures will change to 72 and 28 percent respectively.

Likewise in 1367 [21 March 1988 - 20 March 1989] a total of 844 projects were underway in the universities and institutions of higher learning and 166 projects were underway in research institutions funded by credit for university research. It is worth mentioning that the research projects in the research institutions pertain to costly specialized areas such as the basic, technical and engineering sciences, and have more extensive dimensions. Therefore, in the allocation of financial resources, they had a share approximately equal to that of the universities and institutions of higher learning. There were 1,694 researchers and 1,636 research assistants working on research activities related to these projects.

The university research credit allocated to scholarly manpower in the universities and institutions of higher learning in 1364 [21 March 1985 - 20 March 1986] was 2.177 million rials, and with a decrease of about 19 percent this figure has declined to 1.763 million rials in 1367 [21 March 1988 - 20 March 1989]. Likewise in 1360 [21 March 1981 - 20 March 1982] there was an average of 0.42 research assistants per project, and in 1367 this figure increased to about one research assistant per project. The average cost of each project in the nation's universities and institutions of higher learning and research in 1367 was 1.648 million rials, and the average number of people working on each project in the same year was about three persons.

The report continues with the existing difficulties and obstacles in research affairs, as given below:

#### A. Internally Caused Problems and Obstacles

1 - The lack of a unified and consistent research system and the lack of clarity in the nation's exact research priorities during the period studied, resulting in fragmentation, lack of coordination, aimlessness and duplication of effort in the executive organizations and universities, the lack of careful, organized ties between the various research units, inability to control and supervise work to compare work completed with stipulated goals, and failure to make optimum use of the nation's research facilities and resources.

2 - Using research credits and resources in non-research activities, prolonging the period of project implementation, or abandoning them without reaching a result.

3 - Unidentified conclusions for many of the research projects carried out and lack of clarity in the quality of the work done by many research units.

4 - Lack of sufficient awareness on the part of researchers of the executive issues and problems, whose solution needs scholarly study, and the failure to utilize fully the results of projects carried out to solve executive difficulties due to the lack of clearly organized and sufficient contact between the research units and the nation's executive and educational organizations.



5 - Lack of scholarly contacts, whether on the national or international scale, and numerous failures to deliver scientific information to the research units as the result of the lack of an extensive, equipped and diligent information system to procure the scientific documents and information needed by the research units.

6 - The nation's current shortage of research manpower, especially at the middle levels of research, which includes support workers in all areas of research.

7 - The shortage of researchers who have reached the level to guide researchers with little experience.

8 - The lack of a comprehensive research plan in the universities and institutions of higher learning.

9 - The lack of criteria for evaluating and assessing scientific and scholarly works.

#### B. Externally Caused Problems and Obstacles

1 - Failure to allocate sufficient resources for research in view of the resources allocated for other matters.

2 - Limited foreign exchange to buy parts and the necessary equipment.

3 - The failure to employ fully the results of research in production and executive affairs, and the failure to sense the need for research in these sectors due to the rapid and easy arrival of similar research from abroad.

### PAKISTAN

#### **Bhutto Administration Will Face No-Confidence Motion**

46560036a Lahore *SIASI LOAG in Urdu*  
15 May 89 pp 1, 10

[Text] Five months of the People Party government having passed without any significant success on any front or any accomplishment worth the name, a new political scenario is shaping up. On top of incessant confrontation with the provincial governments of Punjab and Balochistan and complete failure on political as well as administrative fronts in Sindh, the Peoples Party government is also plagued with disarray at the center and now all political forces are mobilized to dislodge this government by constitutional means. Accordingly, the Islamic Democratic Alliance and other political parties which so far do not share in power, have made progress toward a common program under which Nawaz Sharif, Ghulam Mustafa Jatoi, Pir Pagaro and the former prime minister Mohammad Khan Junejo will patch up their differences and create a new political front and an agreement has been reached on making Mustafa Jatoi leader of the united opposition. This united opposition will emerge in a few weeks to form a government under leadership of Ghulam Mustafa Jatoi.

The government of Prime Minister Benazir Bhutto has been uniformly weak and disunited and its only claim to strength was that it enjoyed support of American government but consequent upon the situation in Sindh getting completely out of hand, political circles are now feeling that this government cannot last long. The prime minister herself has admitted that a guerrilla war is being fought in Sindh. The People Party government of the province there has been unable to control the situation despite all out support from the center and the Mohajir National Front too has difficulties in cooperating with it. An impression has gained ground in all the urban areas that the provincial administration is in cahoots with those who are massacring non-Sindhis and Mohajirs. In Balochistan and Punjab both, the Peoples Party has failed to keep its relations with the two provincial governments within the bounds of constitution and the masses in both the provinces look upon the Peoples Party government as a terrible evil and to counter which, they are extending the fullest cooperation to the provincial forces.

In these conditions, a feeling has grown among all the leaders of the opposition political parties that it is necessary to develop a common plan to rid the nation of the Peoples Party's weak and aimless government. All political and other influential leaders appear to have agreed to bring Ghulam Mustafa Jatoi, who can play an important role in improving conditions in Sindh, as an alternative leadership and now when within a few weeks following presentation of the budget, the Peoples Party government will have to answer for its mistakes to public opinion both inside and outside the assembly, Ghulam Mustafa Jatoi will emerge as the future prime minister.

According to knowledgeable sources, during the budget session, the present opposition will be organized on new lines under which Mustafa Jatoi will be made the opposition leader and the member of assembly, Abidah Hassain, will be made the deputy leader. All factions of the Muslim League including Arab Jehangir from the Frontier province, Chairman of the Central Party Mohammad Khan Junejo and Pir Pagaro will patch up their differences with Nawaz Sharif, leader of the Islamic Democratic Alliance and thus create a common and strong platform and by cooperating with Maulana Fazal Alrahman and other groups, will embark on a final and decisive round of fight with the Peoples Party government.

According to political observers, the next two months will be a period of fierce struggle to change government through democratic and constitutional means and in the national assembly, the Peoples Party government will have to face a non-confidence motion. In view of the situation in which Prime Minister Benazir finds herself, it is not possible for her to face this expected struggle and ultimately she will have to clear the way for the new leadership which under present conditions, will emerge on nomination of Ghulam Mustafa Jatoi as the prime minister.

**Level of Confidence in Bhutto's Administration  
Said Declining**

46560037 Karachi JASARAT in Urdu 5 May 89 p 5

[Column 'Siyasat Namah' by Abdul Karim Abid: "Prime Minister Benazir Is Preparing for a Major Attack"]

[Text] Prime minister Benazir is trustworthy, and so is Nawab Sharif. Akbar Bugti's attitude also reflects reliance. The people of Wali Khan's party maintain high spirits as well. It is the public alone whose foundations of trust and confidence have been shaken. They view the entire situation like a frightful scene, and they are certain that the days to come will not be good either. The shadows of fear and distrust about the future continues to grow deeper, because the party that controls the federal government has no brains, and its heart is filled with nothing except talks of hatred and ill-will, which is being expressed on TV also. The People's Party leadership, soon after controlling the reins of the government, should have put the party's intelligentsia together. After that, all of them should have jointly decided as to how they should contact the people in order to arouse new ideas and ambitions in them. Furthermore, what can be done to reduce the people's grievances, and how can this be accomplished. After gaining power, however, the party did not regard this as its no. Instead, the whole emphasis was laid on the bestowal of positions and the distribution of posts. Strenuous efforts were made to search for those courageous individuals who had been punished with lashes. A complete troupe of inexperienced ministers and advisors was assembled. Whereas, the Benazir administration, which had initially surfaced as a weak government, should have secured the support of the first-rate and strong personalities. When Mr Bhutto took charge of this country as the chief martial law administrator, he was indeed a very powerful ruler. Despite that, he gathered together around him a galaxy of superior personalities like Dr Mubasher Hassan, Haneef Ramay, Kausar Niazi, Malik Mahraj Khalid, Sheikh Rashid, J. A. Raheem, Mumtaz Bhutto and Ghulam Mustafa Jatoi. But, Benazir's own political stature also is not as tall as that of Mr Bhutto, and there are total midgets standing all around her. Even Gen Ziaul Haq had collected around him more sensible personalities than she has. Both mother and daughter, however, believe that they alone are sufficient. They are not at all interested in promoting any theory of viewpoint or mode of thinking. Their method of government resembles the non-party style maintained by Ziaul Haq, whereby the politics and the political requisites are ignored, and the non-political methods of the non-political people are relied upon. As a result of this very factor, their confrontation with the Punjab government is reaching its peak. According to the authentic reports, the preparations for a fresh and major attack have already been completed. In this attack, the files concerning the financial affairs, of the industries, drug eradication and the anti-corruption department would be used as weapons. Right now, the constitution is being studied under a microscope as to whether any justification to

dismiss the provincial government of Punjab can be found or not. The constitutional experts have already been assigned their jobs. In short, full preparations have been made to resolve a political issue through a non-political procedure. The problem, however, is that Benazir's government is not a martial law administration. Neither does she hold the martial law authorities, nor have the rules of a state of emergency been enforced in the country. Again, neither the basic rights for the judiciary have been suspended, nor has the graph of the People's Party stopped to decline among the people. Under such circumstances, therefore, the notion of winning the war with the might of the administrative machinery would render Benazir useless. She has already borne considerable disgrace and dishonor in this encounter. Even now, she should at least care for the little dignity she is left with. She should quit talking about confrontation and be concerned about restoring her dignity through reconciliation and mutual understanding.

It is true that there must be such people in the Islamic Democratic Alliance also who do not desire reconciliation, they like to continue the warfare. However, whether it is the Islami Jumhoori Ittehad [IJI] or the [Peoples Party] PP, the moderate and patriotic elements of both parties are victims of great concern for this growing hostility. They want to end this contention. More than that, when the people themselves perceive the state of the strife between the center of the Province, it makes them tremble with fear. They, too, wish that the carriage of democracy should proceed somehow with reconciliation, and that the days of warfare and rioting should end. Therefore, if Benazir assumes a reconciliatory attitude, the people's pressure would be against her opponents, as to why are they demonstrating a contentious mentality. However, when the people of Punjab notice that Benazir herself is getting more fierce in the battle and that the medias under her are surpassing each other in their attacks, they realize that no one party is at fault; both sides are stirring up trouble. Moreover, when the federal government itself is involved in provoking hostility, to advise the provincial government would carry no impact. First, the central government should maintain the right attitude. However, there seem to be no indications of this, rather they appear to be to the contrary. Therefore, we just pray to God for everyone's well being.

The disturbing reports about Sindh have created a commotion in Punjab. The close supporters of the People's Party themselves feel that Benazir should pay attention to Sindh and just look at Punjab. If she succeeds in resolving the issue of Sindh and wins the confidence of the Punjabis residing there, Punjab can be hers. When, however, they look at Sindh and find that the People's Party is ignoring it, their hearts are struck with a blow as to why is all this happening there. Benazir should be concerned about those who eulogise her. If she loses her circle of influence in Punjab, it would not be in the best interest of the People's Party, nor would it prove to be a beneficial thing for democracy.

**Use of Sindh Card by Bhutto Deplored**  
*46560036b Lahore SIASI LOAG in Urdu*  
*15 May 89 p 2*

[Editorial]

[Text] In reference to Sindh situation, the Prime Minister Benazir Bhutto has stated that there is a guerrilla war going on in Sindh. Perhaps she mistakenly used the word guerrilla war instead of the word civil war. Guerrilla war is something totally different. Whatever is happening in Sindh are conditions of civil war and it is incredible that a prime minister should herself acknowledge that a civil war is raging in this region. Benazir said this with complete satisfaction. In other words, she feels no responsibility for whatever is happening. If under the prime ministership of the Peoples Party, the Sindh issue could not be resolved but has actually got more complicated, then what is the good of it?

The public had hoped that with Benazir coming into power, she will work to restore normalcy in Sindh in such ways as will be obvious to everybody but the Benazir government which believes that it has a right to interfere in the affairs of Punjab, warranted or unwarranted, does not find anything to do in Sindh. She has not visited any riot torn area. She has not gone anywhere to console riot victims. The height of it is that she has not even issued a powerful appeal for goodwill and peace. If she is not prepared to call a round-table conference of leaders of all political parties on the Sindh issue, she could at least have called leaders of her own party for consultations on this issue but she has pronouncements to make on every subject except on the Sindh issue. On this issue she is completely silent even though she has acknowledged that indeed the situation in Sindh is grave and in her own words, a guerrilla war or a civil war is raging in this area. If this is indeed so, then was it not imperative that the entire government machinery should have swung into motion, and rioters, violent elements and saboteurs arrested but no such crackdown was ordered. On the contrary, rioters have a free hand. These conditions have led to disappointment in the ranks and files of MQM [Mohajir National Movement] and the Peoples Party's agreement with the MQM appears to have turned into a mere scrap of paper and as a result of the Benazir government's failure, culpable silence, encouragement of well-known violent elements in Sindh, this government has lost its justification to govern and such a government that cannot keep peace and which does not want to maintain peace cannot last long. Perhaps Benazir believes that by keeping unrest in Sindh, she can retain her 'Sindh Card' thus enabling her to blackmail Punjab, armed forces and the country's patriotic elements but governments cannot be run either by blackmail or by conspiracy. Therefore we request that Benazir wake up to her responsibilities and take some action in Sindh otherwise President Ghulam Ishaq should discharge his responsibilities and authority.

It is not necessary for President Ghulam Ishaq to feel helpless. Punjabis and Mohajirs living in Sindh cannot

be left to the tender mercies of their enemies. Their safety is the responsibility of the nation and President Ghulam Ishaq is the head of the nation and under the Eighth amendment he is authorized to take every action. If Benazir does not do anything, her criminal negligence is not the last word. It is better that action be taken and the situation in Sindh be brought under control before a bloodbath takes place.

**MQM Defended, Criticism Refuted**  
*46560035b Karachi AMN in Urdu 11 May 89 p 3*

[Article by Jumma Khan: "Separatism in Sind and MQM's Role"]

[Excerpts] [Passages omitted] Several leaders of the Islami Jumhoori Ittehad [IJI] and its member parties have tried very hard to persuade the Muhajir Qaumi Movement [MQM] to adopt their way of thinking but have failed in their attempts. The reason for this is that not a single MQM member of the local council, or the national or provincial assembly could ever be bribed or threatened to desert his party; it is thus impossible for anyone to mislead the entire party. The MQM is a party of individuals who worship the truth and the decisions and agreements the party makes are not of a transitional nature. It is a party of men who make sacrifices and its whole history is one of strife and struggles.

The unity between MQM and the People's Party is undoubtedly strained but it is not broken. Those elements who are strongly advocating greater provincial autonomy are trying their hardest to create a rift between MQM and the People's Party. They are trying to sever the relationship between the People's Party and MQM and to unite the latter with Islami Jumhoori Ittehad, thus clearing the way for a movement for provincial autonomy. They think that even if MQM does not unite with Islami Jumhoori Ittehad, MQM would not support the federal policy on provincial autonomy and thus make it easier to weaken the People's Party. But in the pursuit of their political objectives, these elements have adopted a negative rather than a positive way of thinking. They are using fire power against MQM in Sindh and the People's Party has not succeeded in putting an end to the incidents of violence. As a result, MQM's relations with the provincial government have begun to weaken. A deep conspiracy exists to end unity between the two parties; but the conspirators do not realize that by their policy of genocide they are automatically paving the way for the partition of Sindh and, by inflicting financial and human losses on innocent muhajirs, are provoking the wrath of God.

Whether it is the Kala Bagh dam or Pannu Aqil contonement, MQM has nothing to do with such plans; it is not MQM's fault that the provinces have not received autonomy; nor is MQM to be held responsible for the inequitable distribution of national wealth, the expenditure of the greater portion of the national budget on national defense, or the eighth amendment to the constitution. All the oppressed elements should have struggled against

their common enemy, the political and economic exploiter; but by opening a front against MQM, the ignorant friends in Sindh have not only strengthened the common enemy but are themselves sowing the seeds of Sindh's partition. Nevertheless, MQM has already announced that it will not allow anyone to carve up Sindh.

### **Student Writes About Anti-Punjabi Sentiments in Sindh**

46560036c *SIASI LOAG in Urdu 15 May 89 p 7*

[Excerpts] I am a new buyer of your newspaper SIASI LOAG. This is the only newspaper for Punjabis residing in Sindh wherein they read true news regarding their leader Mian Nawaz Sharif. I have studied letters in SIASI LOAG from Punjabis settled in Sindh. The things they have written in these letters are absolutely correct. We have been settled in Sindh for nearly 30 years. We were born here. We live in the city of Hyderabad and had been living quite comfortably but for the last few years, conditions here have much deteriorated and the Pakistan Peoples Party [PPP] government has aggravated the situation. Now there is no security for our lives. Fifteen days ago all the Punjabis living in the colony received letters from the Jai Sindh movement in which was written, "Take steps to save yourselves because your boys are working against our boys." Even though we have no grown up brother and apart from this no boy has any connection with any organization. A few days ago the non-Sindhi speaking residents of Hyderabad received anonymous letters saying, if on the day of Id you go to any Idgah or any major masjid to offer prayers, your lives will not be safe. Moreover the same thing is true of Mohajirs and Pathans. The Sindhis say that only Sindhis have any claim on Sindh. Other nationalities are not allowed to live here. The MQM [Muhajir Qaumi Movement] leader Altaf Hassain entered into an agreement with PPP in order to bring about peace in Sindh. But here peace is not to be found anywhere and no action is being taken on this agreement either. Our understanding is that this agreement will break down sooner rather than later. I appeal to those Punjabis who vote for the PPP and who approve of this government, and are fond of the prime minister and who take part in her processions. Let them come and live in Sindh for a few days and they will realize what place they occupy in the hearts of Sindhis. Sindhis call Punjabis bullocks. What is more on the walls are scrawled obscene remarks regarding Punjabis. You won't believe that on the day of elections when results were being announced over the TV, our hearts were bleeding. We were under the impression that just as the Sindhis had voted solely for their leader, Punjabis too would vote for their leader Nawaz Sharif only. We are pleased that the people of Punjab do not suffer from prejudice but one should form one's opinion keeping in view the circumstances. We too will be moving back to Punjab very soon because here not only our lives are not safe but our education is also suffering. Admissions to universities are hard to come by. If by chance admission is obtained, Sindhi students won't let

us study. Rather they won't allow us to step into the university. Recently, when a son of one of our acquaintances, who is a Punjabi, got admission into university, Sindhi students broke both of his arms. What is more important is that we cannot get jobs here [passage omitted].

### **Commentary Discusses Budget Maneuver by PPP**

46560035a *Lahore CHATAN in Urdu*

23 Apr 89 pp 14-15

[Article by Ibn-e Ahmad: "Political Chessboard - Will the Army of Ministers and Advisors be Reduced after the Budget? Will Ghulam Mustafa Khar be the New Governor of Punjab?"]

[Excerpts] [Passages omitted] In Pakistan, every budget is more austere than the previous one, but it seems that this time the drama that used to be put on by the Zia regime is being presented in a new form. The purpose of the story is the same but the characters, scenery and dialogue have been changed. One time, before presenting the budget, General Zia had the official media publicize that America's skylab was "out of control" in space and heading toward earth. On the one hand, the skylab was falling, and on the other hand the martial law government's budget was being presented. The people of Pakistan were so scared of the skylab that they forgot about the budget and were not able to take any action beforehand. This time, the "skylab" is not falling from space but from the direction of the leaders of the People's Party. Among other things, the people are being told that the budget will be an austere one and that they should thus prepare themselves mentally for it. It is understandable that the People's Party government will present a "heavy budget" for the next fiscal year; but the question is: How will the federal government get the parliament to approve it? The present situation is that the Islami Jumhoori Ittehad is fully opposed to the Pakistan Peoples Party [PPP] and Baluchistan Governor Akbar Bugti is annoyed with Benazir Bhutto. Mr Bugti has his own "circle" in the national assembly and his annoyance could lead him into joining the opposition.

The Jamiat-e Ulema-e Pakistan [JUP], which up to a few weeks ago had a "soft corner" in its heart for the People's Party and was strongly opposed to the IJI [Islamic Jamhoori Ittehad], has also changed its attitude. Ever since Dr Sher Afgan assumed his post as minister, JUP secretary-general, Maulana Abdul Sattar Khan Niazi, has not only taken "notice" of him but has also accused the People's Party of having "hijacked" Sher Afgan.

JUP has ended Sher Afgan's party membership and has decided to present a "reference" against him in the national assembly. Obviously, these decisions have the support of Maulana Nurani; it might be more correct to say that they emanate from him. In view of the situation, JUP has become suspicious of the People's Party and prefers Islami Jumhoori Ittehad to the PPP; but the only reason for its lack of membership in the IJI is that Jamaat-e Islami is a part of the IJI. To quote Maulana

Nurani, "IJI's remote control is in the hands of Jamaat-e Islami and it is avenging itself on the Muslim League for the creation of Pakistan." The fact is that if Jamaat-e Islami had not been a member of the IJI, Maulana Nurani would have joined it long ago and brought his party along with him. Although the opposition mounted by Nawab Akbar Bugti and Maulana Nurani [against the PPP] will be more intense and open over the budget, the prime minister has prepared a plan of action for pleasing the other parties and members of the assembly and has already set it in motion. According to certain circles of the People's Party, a large force of ministers and advisors has been mustered for the budget's approval of the budget, after which the numbers of the ministers and advisors will be reduced and a small cabinet will be formed all over again. In other words, a very large cabinet has been assembled around the budget.

This is where matters stand as far as the ongoing opposition to the People's Party is concerned. With regard to the opposition, the prime minister has started to bring together a group of supporters in order to acquire new friends for the PPP through the budget. In this connection, of special note are the talks between Bhutto and Jamiat-e Ulema-e Islam [JUI(F)] (Fazlur Rahman group). These talks have created a great deal of understanding which will help the prime minister in getting her budget approved. According to reports, she is now giving ministerial posts to JUI and is including ANP [Awami National Party] as well in the federal cabinet. Thus the present cabinet is expected to be further expanded, however, these cabinet posts may also be temporary and would be eliminated after the budget approval. Perhaps Maulana Fazlur Rahman and Wali Khan have been given promises for the future and will be included in the smaller permanent cabinet to be formed after budget approval. Even if the ANP is not given any cabinet posts, it will continue to cooperate with the People's Party; Wali Khan has proclaimed far and wide

that he will support the People's Party no matter what the circumstances. Whether NAP [National Awami Party] joins the administration or not, the cooperation will continue.

Another important facet of the prime minister's policy of friendship is that the PPP has decided to adopt a "soft approach" towards Ghulam Mustafa Khar. He is at present a member of the national assembly and, during the earlier term of office of the People's Party, was the governor of Punjab. Before the 1988 elections, Khar tried twice to join the People's Party; but Nusrat Bhutto, the prime minister's mother and the widow of the late Zulfikar Ali Bhutto, refused outright saying, "We will not take Khar back on any terms." It seemed from such statements that there was no place for Khar in the People's Party; but it is rumored now that not only will Khar be taken back but he will likely be made the governor of Punjab as well. The People's Party needs to do some wheeling and dealing in the assembly to bring an end to the present government in Punjab. For certain reasons, General Tikka Khan cannot accomplish this task, whereas Ghulam Mustafa Khar is very well suited to it. The general opinion is that in Punjab, Khar will prove to be the most stalwart adversary of Nawaz Sharif. Benazir Bhutto needs Khar's support not only for the budget but also for wheeling and dealing in Punjab, and it is therefore possible that Khar will be appointed governor and General Tikka Khan will be given some other post. In the political arena, Nawabzada Nasrullah Khan is trying to put together a new political platform with the participation of the IJI, JUP and JUI to be called, "Muttahida Shariat Mahaz." If he succeeds in doing so, he may, like the JUP, stand in opposition to Benazir. If that happens, in addition to the loss of support from the JUP, the prime minister will lose the backing as well of the JUI and PDP [Pakistan Democratic Party]. She may find it difficult to get her budget approved and face a strong opposition in the parliament.